

SEBALL 42

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Party acts to purge Scottish sleaze

Labour MP to fight his expulsion

By Shirley English and Roland Watson

TOMMY GRAHAM became the first MP in seven years to be expelled from his party last night as Labour acted to remove the taint of sleaze that has dogged it in Scotland.

Mr Graham, who has faced a series of misconduct allegations since the suicide of his colleague Gordon McMaster, was expelled after a bitter 14-month inquiry that gave the Scottish National Party the opportunity to catch Labour in the polls.

But Mr Graham, who has been a member of the party for 33 years and MP for Renfrewshire West since 1987, immediately made clear that he will prolong the party's embarrassment by challenging the decision in the courts. He emerged from the two-day hearing in Glasgow to say that he had already consulted his lawyers and intended to take the matter to judicial review. He also confirmed that he would resist all attempts to force him to resign as an MP.

"This is not the end of Tommy Graham," he said.

Labour's action was reminiscent of its tough stance in the Eighties when it took on Militant and far-left MPs. Donald Dewar, the Scottish Secretary, said: "This decision shows that the Scottish Labour Party can and will act decisively to defend standards in public life."

Five charges had been brought against Mr Graham, 54, and the three-member National Constitutional Committee panel found him guilty on all of them.

The first two alleged that he had offered compromising pictures of a senior union official in return for information. He was also found guilty of maligning his neighbouring Paisley North MP, Irene Adams, and of membership irregularities in Ian Davidson's constituency of Glasgow Pollok in 1993. The fifth charge was brought under a catch-all rule that his conduct brought the party into disrepute.

But Mr Graham said that after 14 months of "hell" he was appalled by the decision. "I have been treated worse than a criminal. I believe today's decision was well forecast by me. I believed no matter what I said that at the end of the day I was going to be found guilty. Labour had too much to lose. There have been too many inquiries."

He insisted he had done nothing wrong and would be fighting on. "I have no intention of resigning. At the end of the day if this is justice, then God help the country."

But Jim Stevens, a former union official and one of the key witnesses against Mr Graham said: "Justice has been done. I went in their and told

the truth and I am delighted with the outcome. I cannot discuss the charges because the National Constitutional Committee has asked me not to. But it is terrific news."

Dan Sharpe, Mr Graham's constituency chairman also welcomed the expulsion and called on Mr Graham to reconsider his stated intention to remain as an MP.

The party may now, however, face a judicial review in which it will have to prove that the evidence it has against Mr Graham is watertight, and the memory of its failed attempt to oust the Glasgow Lord Provost Pat Lally will be fresh in people's minds. Mr Lally had his suspension lifted after a judicial review earlier this year.

Renfrewshire West is the Scottish National Party's tenth target seat and one which it could now win with a swing of just 10 per cent. The by-election in Paisley South last year, prompted by Mr McMaster's death, saw an 11 per cent swing to the SNP and Labour's majority cut to 10,000.

Mr Graham, who was suspended last August, is the first Scottish MP to be expelled by Labour and the first MP to be so disciplined since Dave Nellist and Terry Fields were expelled in December 1991 for being members of Militant



Tommy Graham waving from a window at the tribunal in Glasgow yesterday

Democrats tell Clinton to say sorry over and over again

From Ian Brodie in Washington

PRESIDENT CLINTON was told by fellow Democrats yesterday that he must apologise over and over again for the Monica Lewinsky affair, making his contrition clear to all Americans.

The warning was made to his face during an emotional meeting at the White House with eight Democratic leaders from the House of Representatives. Mr Clinton apologised for the pain he had caused his family and country over the affair, which is costing his party support in the run-up to the congressional elections in November.

At the same time, a sombre gathering of congressional leaders from both parties promised to explore impeachment proceedings without partisan trades or rancour.

Mr Clinton has recognised the worsening peril, brought on by the affair and his seven months of lying about it, since returning from his visits to Russia and Ireland last weekend. Yesterday he summoned the Democrats to express his remorse. David Bonior, Democratic Whip, said that Mr Clinton felt it deeply and expressed it in an emotional way. "The President didn't cry, but you could tell by his demeanour that he felt the pain very strongly."

The eight forgave Mr Clinton, but advised him that he must emphasise to the American people his contrition. Further, he must do so more than once.

Mr Bonior said: "This is an issue that will be raised time and again through the weeks, perhaps even months. He needs to address it on a continuing basis with the concern he expressed today."

Yet Mr Bonior believed that Mr Clinton could continue as President because Americans make a distinction between his

moral behaviour, which they deplore, and his work as President, of which they generally approve.

The meeting did not discuss his resignation, nor a strategy for avoiding impeachment. Caution against any rush to judgment were voiced by five senior House Republicans and Democrats who agreed that Kenneth Starr's report on the Lewinsky affair — expected this week or next — must be judged on its facts and not political implications.

The report will be considered first by the House judiciary committee, which can hold hearings and recommend to the full House whether to impeach the President.

If a majority voted in favour, Mr Clinton could be tried by the Senate, which could convict him on the votes of 67 of the 100 senators. He could then be removed from office.

Henry Hyde, Republican chairman of the judiciary committee, contemplated his duties gloomily. He said: "No one looks forward to this traumatic journey we are about to embark on. We ask for God's help and blessing."

In the Senate, Robert Byrd, a senior Democrat, compared Mr Clinton's handling of the scandal to Richard Nixon's behaviour during Watergate, when the cover-up and obstruction of justice became more pressing grounds for impeachment than the original break-in of Democratic headquarters.

"Many of the mistakes that President Nixon made are being made all over again," he said before going on to complain about the lack of heroes in American politics. "Where are the nation's leaders to whom children can look and be inspired to work hard and live clean lives?" he asked.

Welfare reform rescued

By Philip Webster and Jill Sherman

THE Government is to include substantial measures on welfare reform in the next session of Parliament as Tony Blair tries to counter claims that he has retreated from one of his central general election pledges.

Suggestions that the Prime Minister had decided that fundamental changes were too sensitive to push through in Labour's first Parliament were denied yesterday as it emerged that Alistair Darling had won a slot for a key Bill in the legislative timetable.

The Social Security Secretary has spent the summer working on proposals he inherited from Harriet Harman and Frank Field for a new

Mr Blair fathered new Labour's interest in the reconstruction of the welfare state. He must use this Cabinet to save his creation from premature death

Leading article, page 23

pensions system and disability benefits reform, and it is understood that one of them — most likely the latter — will feature in the Bill.

It had been suggested that Mr Darling's measures would be limited to splitting pension rights on divorce and reorganising the Contribu-

tions Agency. But an informed source told *The Times*: "The idea that we have suddenly gone soft on this could not be further from the truth. It will be a long process, but we will be carrying it on during the next year."

There will, however, be no ban on foxhunting for at least a year and Labour MPs have been told that there is little point in trying to achieve one through a private members' Bill, since it would be unlikely to get through both Houses.

They seem to have accepted ministers' argument that the measure would stand a much better chance once hereditary peers lose the right to vote — the key issue for the session that starts in November.

The Bill to ban hereditary Continued on page 2, col 5

Cash-strapped Royal Opera cancels entire 1999 season

By Dalya Alberge, Arts Correspondent

THE Royal Opera House, Covent Garden, stunned the arts world yesterday by announcing that there will be no opera performances in 1999. The move is part of a radical rescue plan to put the house in order by the time redevelopment is completed in December next year.

The number of opera and ballet performances in the first full season in the new £214-million building will also be reduced by a third, to 220, to try to reduce a deficit that will otherwise top £25 million by 2000. "Every opera you put on loses money," Sir Colin Southgate, the chairman of the board, said.

The news provoked outrage among the 500 staff, who were also told that they must accept renegotiated working conditions and a reduced workforce by October 26 or face mass redundancy.

Peter Ainsworth, the Shadow Culture Secretary, was

among critics who expressed disbelief, not least since Covent Garden has received £78 million from the National Lottery. He said taxpayers would be "astounded that after multimillions of pounds of private and public money, we look like getting less opera and more subsidy."

One member of staff said that morale has been "horrible" for the past few weeks: now the mood had descended into "utter despondency". Another said the decision to penalise the performers was "absolutely shameful".

The board made its decision at a crisis meeting on Tuesday after securing support and further funding from Chris Smith, the Culture Secretary, on Monday evening. After a tense 24 hours, the board felt it was left with no option.

Sir Colin said: "The days of fudging are long passed. The board is sad at the pain this will cause to our workforce, but only a total restructuring will achieve real results."

He insisted at a press conference that costs had to be cut to bring down ticket prices and ensure access for all, adding that renegotiating contracts did not necessarily involve a reduction in fees.

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Leading article, page 23

BSkyB asks United fans for support

By Raymond Snoddy and Russell Jenkins

BRITISH Sky Broadcasting tried yesterday to head-off the protests of Manchester United fans by saying its £623.4 million takeover offer was "good for the club, for the players and for the fans."

An open letter to the fans signed by Mark Booth, chief executive of BSkyB, and Martin Edwards, chief executive of Manchester United, expressed the satellite group's appreciation that the club was not just another business but was "part of the cultural fabric of Manchester and the nation". That was why the current management would be left to run the club.

The letter was released before last night's emotional home game against Charlton at Old Trafford to put the case for the acquisition.

Until the offer was formally unveiled to the Stock Exchange yesterday morning, neither BSkyB, in which News International, parent group of *The Times*, has a 40 per cent

stake, nor the club were able to explain the rationale behind what is believed to be the world's highest bid for a sports club.

Newspaper polls among fans have been showing 95 per cent opposition to the deal.

The letter said the acquisition would create one of great partnerships in sport and would ensure that Manchester United maintained its position as "a leader in football".

In the letter and a press conference yesterday, Mr Booth promised that the present agreement between the Premier League and BSkyB, which runs until 2001, will be honoured. The satellite group will continue to broadcast 60 live games a season with each club appearing at least three times and the existing criteria will be used to

Continued on page 5, col 3

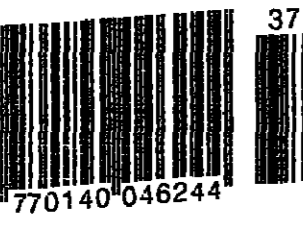
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The cat's whiskers: Sprite

Government wants decision to avert Millennium bug chaos

By VALERIE ELLIOTT
WHITEHALL EDITOR

SENIOR Ministers are pressing world aviation authorities for a speedy decision on whether aircraft will fly during the Millennium celebrations on December 31 next year and January 1, 2000.

possibility of computers being thrown into chaos by the Millennium bug. The problem has arisen because many computer systems use only two digits to identify the year and might read the new year as 00 or 1900, causing systems to malfunction.

One possible solution is for limited flights within western Europe, Canada, Australia, New Zealand and the United States. But ministers are anxious to ensure

there is sufficient parking space for planes grounded in Britain.

The Government is also working closely with the United States to assure the safety of international defence and security systems.

Emergency plans in Britain are being drawn up by Margaret Beckett, Leader of the House, who chairs a special Cabinet committee — MISC 4 — to deal with the Millennium bug. Ministers spent some weeks deliberating whether

they should arrange a day to test computers in key installations and vital services but the idea has been dropped as "logistically impossible". Instead local authorities have been urged to check all emergency services. Any routine emergency exercises should also take account of the Millennium bug.

But Tony Blair and his Cabinet have been left in no doubt about the gravity of the potential crisis for the country. Mrs Beckett and Iain

Anderson, the Prime Minister's special adviser on the Millennium bug, gave a presentation to senior ministers just before the parliamentary recess. Ministers were told to ensure they understood the efforts being made within their own departments and also to keep check on progress of public organisations and agencies within their responsibility.

They were reminded that in the case of emergency and vital services that standby systems were in place to cope with any computer problems.

Priority areas for the Government are the NHS, local authorities, the emergency services, the BBC, the Bank of England, the Environment Agency, British Nuclear Fuels, the Civil Aviation Authority and the Post Office.

Yesterday the Government's quarterly audit of Millennium bug progress showed that more than

half of all Government departments and agencies were half way through inspection work on their computer systems. They were also keeping within the £400 million budget set for the work.

But Mrs Beckett is concerned that departments and agencies have failed to check the compliance of embedded computer chips that control vital office services such as lighting, heating, lifts, telephone switchboards and fax machines.

Union boss says strikes are likely on public pay

By JILL SHERMAN, CHIEF POLITICAL CORRESPONDENT

THE leader of one of Britain's biggest trade unions is warning Tony Blair that public-sector workers are likely to take strike action if their pay is squeezed again this year.

As trade unionists flex their muscles in advance of their annual congress in Blackpool next week, John Edmonds, General Secretary of the GMB general workers' union and this year's President of the TUC, says that industrial action is a "strong possibility" if the cry for better pay rates is continually ignored.

Generally, the TUC and individual union leaders have kept their arguments with the Government behind closed doors, despite tough negotiations over the minimum wage and trade-union rights. But in an article in the *New Statesman*, Mr Edmonds argues that the Government's decision to continue with the Conservative policy of holding down public-sector pay was not only damaging to public service workers but could destroy Mr Blair's policy of delivering quality services.

"Industrial action doesn't arise from one year's grievance," he says. "It arises from a rising sense of grievance and frustration, a feeling that we can't do anything else about it except industrial

action. There is a Greek tragedy element to all of this. It really does look as if we are heading towards big trouble and it's going to be disruptive for everybody. We're not looking for a fight, but the members feel they are being pushed into a corner."

Union leaders raised the issue of public sector pay with Mr Blair at Downing Street this week, when they pressed him to change tack over economic policy and protect jobs. Rodney Bickerstaffe, General Secretary of Unison, the public-services union, warned Mr Blair of the dangers of using the suppression of public-sector pay as an economic lever.

However, Mr Blair made clear that he would not be blown off course and held out little prospect of pay rises. Gordon Brown stressed earlier this year that he intended to hold down public-sector pay to near inflation levels.

Yesterday the British Medical Association put in a claim for 10 per cent for doctors, and nurses are also arguing for significant salary hikes. Two years ago Stephen Byers, then shadow employment minister, said the link between unions and Labour would be severed if they carried out a spate of industrial action over pay.



Lord Archer of Weston-super-Mare, centre, was made an Honorary Pearly King yesterday for his contribution to charities over 20 years

Prisoners' watchdog attacks suspension

By RICHARD FORD, HOME CORRESPONDENT

A FORMER close colleague of the Home Secretary's wife and his policy adviser is refusing to accept his suspension as a prisoners' watchdog over alleged "rudeness, arrogance and self-deeming superiority".

Brian Bridges, a retired civil servant, has challenged a decision by Lord Williams of Mostyn, the Prisons Minister, to suspend him as a member of the Board of Visitors at Bullingdon prison in Oxfordshire. Mr Bridges, a former Under Secretary at the Health Department, is querying the legal basis for the minister's action. Mr

Bridges, 61, said the minister did not seem to know under what power he was suspending him.

A national spokesman for the Boards of Visitors said that Mr Bridges had been suspended "until further notice". He said that a government inquiry was being set up to investigate disputes on the Board.

Mr Bridges was employed at the Department of Health and Social Services where Alice Perkins, the Home Secretary's civil servant wife, Lord Warner, his senior policy adviser, and Mr Straw himself also worked. In

a letter seen by *The Times* which he sent to Joyce Quin, the former Prisons Minister, in July, he said: "I know Jack and was a close colleague of Alice for many years and to Lord Warner... I am sure they will give me a bit for honesty and truthfulness."

He was suspended last week after months of criticism and dispute on the Board which ended with the acting chairman resigning and other members threatening to leave if Mr Bridges was allowed to stay in post. The former chairman resigned in December 1997 after complaining that Mr Bridges had

been "rude and aggressive" to her. Lord Williams was warned that unless action was taken the Board would have so few members that it would be unable to carry out its duties.

Delbert Sandiford, director of Boards of Visitors, wrote to Lord Williams and said the difficulty appeared to lie with Mr Bridges' conduct. "Comments made by Board members about Mr Bridges refer to his arrogance, rudeness, self-deemed superiority and at least two female members of the Board said they felt threatened by his presence."

NEWS IN BRIEF

Father's win over the CSA

A father-of-two has won a year-long battle with the Child Support Agency over a demand for £21,000 which he said drove him to the edge of suicide. When it deducted £116 a week from the wages of Tony Levene, 40, an information officer for Kirkcaldy Council social services, he said it left him with insufficient money to feed himself or pay bills. He threatened to seek a judicial review in the High Court. Yesterday he said: "The CSA has admitted it was wrong." He has paid maintenance to his ex-wife for his two sons under a 1992 divorce court settlement, but a year ago the CSA claimed arrears going back to 1993. A CSA spokesman said it was unable to discuss individual cases.

3 bodies found

Police are searching for Peter Hall, the boyfriend of a woman found dead in her cottage with her two children aged eight and 16 months. The three bodies were found by police in bedrooms in a house in Egerton, Lancashire. The dead woman was named locally as Celeste Bates, who was a nurse. She was believed to be separated from her husband Ian, who lives abroad.

Bodies exhumed

Police investigating a Manchester doctor accused of murdering a patient are to exhume the bodies of two more patients. Harold Shipman, 52, was remanded in custody on Tuesday accused of the murder of Kathleen Grundy, 81. He was also charged with attempted deception by falsifying a £300,000 will in Mrs Grundy's name and making himself the sole beneficiary.

And finally

Some of the most distinguished names in British broadcasting, including Sir George Russell, the former chairman of the Independent Television Commission, have united to condemn ITV's plan to move *News at Ten*. In a letter to *The Times*, eight leading broadcasters and regulators say that "to scrap it would be an abdication of ITV's responsibilities to the public". Letters, page 23.

Mr Memory

Police believe they have identified a man who dialled 999 after losing his memory. The man, who said he had no recollection of who he was or where he came from, was recognised after his photograph was published in newspaper. Including *The Times*. The man, who was found near Poole in Dorset, was reported missing from a nursing home on September 2. He has no immediate family.

Baby menace

Dennis the Menace, the *Beano* character with a fan club of 1.5 million, is about to get a baby brother or sister. This week's issue shows Dennis's mother being driven to hospital. *Beano* said: "We get scores of letters each week about Dennis and his Abzassinian wire-haired terrier hound Gnasher. The arrival of a new character will turn everything upside-down."

Welfare reform to go ahead

Continued from page 1
peers' voting rights — the first part of a two-stage reform of the House of Lords — will be at the heart of the Queen's Speech, which will be finalised today when ministers meet at Chequers to plan the political strategy for the year.

There have been suggestions that because the Bill will be so fiercely fought in the Lords, with the inevitable bitterness carrying over into the consideration of other legislation, that Mr Blair has ordered that other measures be kept to a minimum.

But Bills certain to be approved today include one on trade union recognition; a criminal justice Bill to stop rape victims being cross-examined by defendants; a Bill lowering the age of homosexual consent to 16, and another to scrap GP fund-holding.

Campaigners against fox-hunting will again have to wait, although ministers had been considering using other Bills as a vehicle for a clause giving people a chance to hold local referendums banning the pursuit in their areas. Michael Foster, whose Bill ran out of time earlier this year, has had two meetings with Jack Straw to discuss options and is now drawing up a paper to present to the Home Secretary.

Mary Ann Sieghart, page 22

IVF clinic offers 'no baby, no fee' treatment deal

By IAN MURRAY, MEDICAL CORRESPONDENT

CHILDLESS couples are being offered a money-back guarantee by a fertility clinic that has started Britain's first "no baby, no fee" service.

The payment scheme has just been introduced by the Exeter Fertility Clinic, with the idea that couples who have a baby quickly after the IVF treatment subsidise those who try for one repeatedly without success.

The clinic charges £1,668 for one IVF treatment cycle, and the couple have to provide their own drugs in addition to this. The drugs bill is between £500 and £800 for each cycle, but some patients are able to obtain them from the NHS on prescription.

Over the past two years the clinic has completed 243 treatment cycles leading to 23 live births and 16 pregnancies. The 16 per cent success rate means that one woman becomes pregnant there for each six IVF treatment cycles that are carried out — a rate close to the national average. The new "no baby, no fee" service is therefore being offered for £9,800, equivalent to six treatments.

Couples will also have to provide the drugs needed each

time. Joining the new funding scheme is optional. Couples will still be able to pay for treatments individually if they prefer. IVF treatment is not available in the area on the NHS.

Jonathon West, the consultant in charge of the clinic, said that the new formula should encourage couples not to give up trying to have the baby they want because of the cost.

"If a woman becomes pregnant after the first cycle the couple will obviously be paying a lot more, but at least they will have the joy of having the baby they want," he said.

"However since it takes an average of nine cycles of treatment to produce a 70 per cent chance of success, the one-off payment will work out more cheaply for many couples. It will mean that those who have tried repeatedly without success will be able to go on trying for a baby without having to find a lot more money."

A couple would get their money back once they decided to give up. "If they don't have a baby to take home with them, then we will charge them nothing," Mr West said.

Straw proposes 'fathers' unions

By ALEXANDRA FREAN, SOCIAL AFFAIRS CORRESPONDENT

THE Home Secretary is to encourage the formation of "dads' groups" where fathers can meet to discuss their feelings and share their problems.

Addressing the Mothers' Union in London, Jack Straw said that self-help or support groups for fathers could form a valuable part of the Government's plans to help people bringing up children, and to strengthen family life. "We need to encourage positive male role models and promote the key role of fathers within families," he said.

Outlining the Government's plans to tackle family breakdown and to set up a National Family and Parenting Institute, Mr Straw, who is also chair of the Cabinet's working group on the family, said he had been impressed by the work

of a church-led "dads' group" in his constituency of Blackburn.

"There is a need for fathers to be more open about their feelings, including their feelings about being a father... Men are very secretive about problems in their personal relationships and about problems they may face as a parent. It is particularly true of our culture that we don't share parenting problems," he said. Encouraging fathers to overcome their reluctance to share their personal problems and successes with others in their situation could help overcome this.

The Home Secretary said that many young men today left school with no qualifications and little hope of a job. With many families headed by single mothers, the increase in the number of

women teachers, and the decline in apprenticeships in manufacturing industry, such young men often lacked positive male role-models.

These men, who frequently underperformed at school, posed a deep-seated problem, most graphically illustrated by the emergence of "laddish culture". When it came to exercising their responsibilities as fathers, these men often failed, Mr Straw said.

As well as dads' groups, other possible solutions to this problem included, *Welfare-to-Work* projects and "mentoring" projects, where older volunteers — usually professionals with a stable family life — provide one-to-one support to a troubled youngster in their area who may have no father figure in his family.

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Businessman sues ex-lover over lost £1.6m

By JOANNA BALE

A BUSINESSMAN who claims his former lover stole £1.6 million from him told the High Court yesterday that she had beguiled him into trusting her with his money.

Gary Grande, 58, who was born in America, said that Jacquelin Samuelson pretended she came from a rich English family and was financially independent, but when he asked her to invest £1.6 million of his money as a nominal shareholder of one of his companies, she began diverting it to her own account — and to her new lover, a chartered accountant.

Mr Grande, a former Las Vegas nightclub singer, was said by Mrs Samuelson to have been "besotted and infatuated" with her. She maintains that he was terrified she would leave him and gave her the money as either a gift or as part of a tax-avoidance scheme. Her counsel, Jonathan Goldberg, QC, referred to the multimillionaire's "somewhat bizarre sexual practices", suggesting that Mr Grande "would have had difficulty finding a woman so accommodating as she was".

Mrs Samuelson, 40, of Hampstead, North London,

claimed that she was tricked into signing a declaration that she would hold shares in trust for Mr Grande, and that in any event the £1.6 million was a spontaneous gift that had surprised her.

When she transferred about £250,000 to her account in England and gave a similar sum to her new lover, Mr Grande obtained court orders freezing her English and Swiss accounts.

Mrs Samuelson was introduced to Mr Grande by a friend in January last year at a hotel in Knightsbridge, where he was staying while undergoing hernia surgery. She frequently volunteered her company during his convalescence and slept with him virtually every night from the day of his operation until he flew home.

When he told her he was not in a close relationship because a former girlfriend had stolen from him, she sympathised "and expressed her opinion that theft by trusted friends was a dastardly act which she could not imagine engaging in".

Mr Grande said Mrs Samuelson told him she owned her impressive flat in

Hampstead with her father, the cinematographer David Samuelson, who had set up a trust for her. She spoke of her father's achievements and those of her uncle, Sir Sydney Samuelson. In fact, as he learnt later, she was not a blood relative. She had married Mr Samuelson's son Paul, but they had been divorced for years.

Mr Grande said Mrs Samuelson had suggested marriage to him. This was a bigamous proposal because she had since admitted she was already married.

Mrs Samuelson claimed that as he became infatuated with her, Mr Grande's behaviour became increasingly bizarre. He insisted she did not reveal too much of her body, accused her of having an affair and stealing his car, and locked her out of his house when she was ill. "Rubbish," replied Mr Grande.

Mr Barklem: "She says she never had sexual intercourse with you and you were unable to have normal sex, but she slept with you in the same bed and tried to comfort your physical needs as best she could."

Mr Grande: "My sexual function is completely normal. I have had sexual intercourse with the defendant on many occasions, including occasions despite my pain [from the hernia operation]."

Mr Barklem: "She says you told her you would like to watch her having sexual relations with other women." Mr Grande: "I don't believe I have made such suggestions. This person has constructed this immense tissue of lies, clearly to embarrass me."

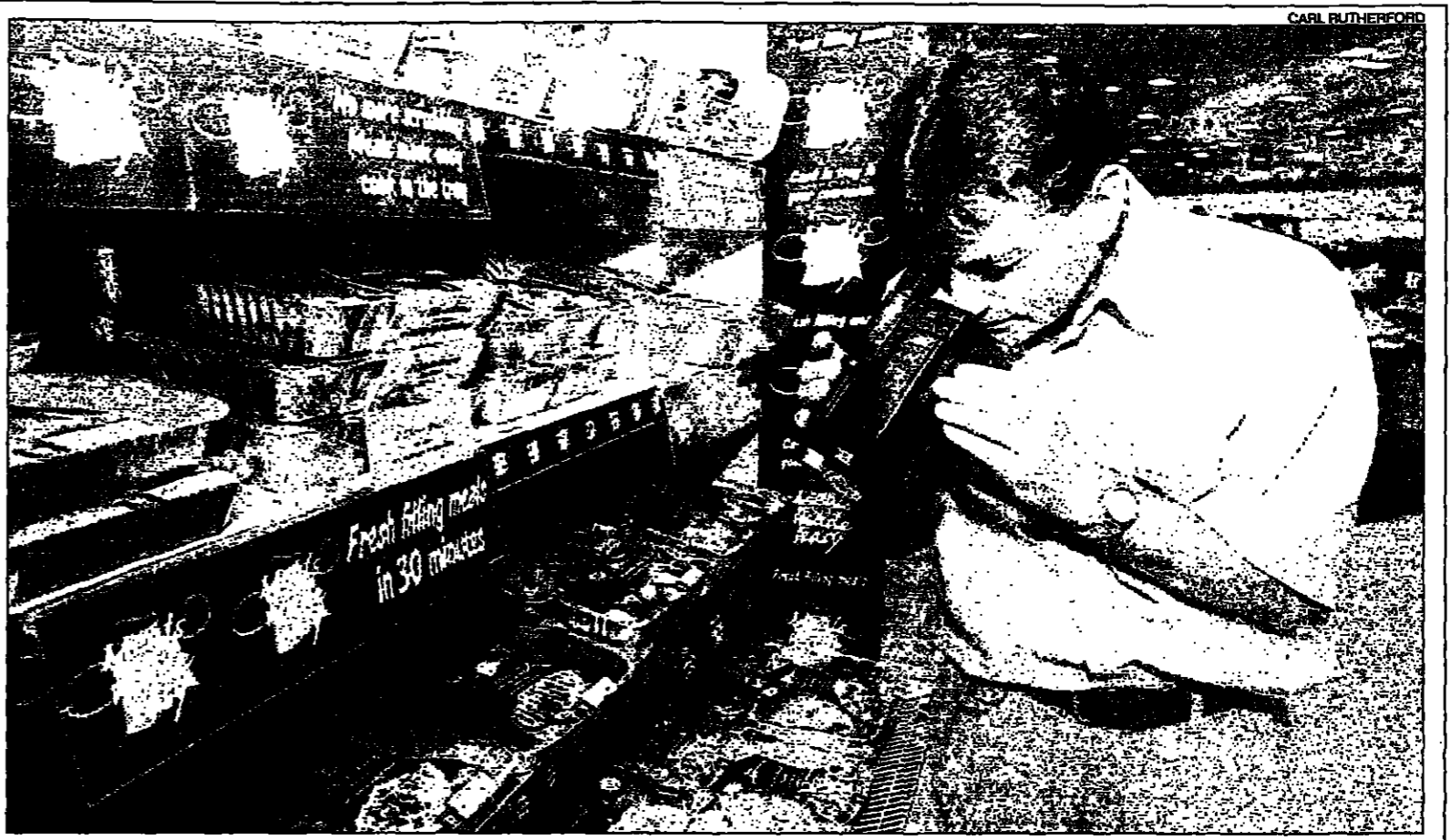
Mr Grande is suing Mrs Samuelson for the return of £1.6 million. The case continues.



Grande: a former Las Vegas nightclub singer



Samuelson: said Grande was besotted with her



Joni Aptula shooting the holiday video without peer or pier: "We have nothing like this. It's so clean and white and very, very big"

Well-stocked shelves: a star is born

By PAUL WILKINSON

HOLIDAY videos have never provided the most gripping viewing. But a Bulgarian waiter's efforts from his trip to Britain is probably the least likely ever to win an Oscar.

Joni Aptula has made a 30-minute recording of the Asda supermarket in Hartlepool to show his friends. Mr Aptula, who speaks six languages, said: "We have nothing like this where I come from. It's so clean and white and very, very big."

The thousands of different goods on offer was the highlight of his visit. He recorded the visit on film, certain no one back home would believe him otherwise.

Mr Aptula's jaw had already dropped soon after he landed at Manchester Airport at the start of his month-long trip. He could not understand why sheep and

cows were left in the fields at night in Bulgaria they would have been stolen.

He said: "Everything is so big. We have no brick houses in Bulgaria, everything is just plaster and plastic. This is a wonderful country and I can't wait to show my family the film I have made. They will be amazed."

He has also toured Hartlepool's marina, visited Goathland in North Yorkshire, the setting of the television series *Heartbeat*, and watched three Hartlepool United soccer matches and met the players. He said: "England is a beautiful country and Hartlepool is a lovely town and I've been made very welcome."

Planning the trip was fraught with unusual difficulties. He is staying with Iris Horsley, 56, and her partner Jimmy Gettings, 58, whom he met four years ago when they

visited the Black Sea resort of Albena. They returned to the region every summer and struck up a friendship with Mr Aptula, his wife Sevdie and their two children.

The couple paid his £300 air fare after Mr Aptula, who earns £35 a month, said he intended to hitch-hike the 2,000-mile journey. They also had to provide the Bulgarian authorities with written proof that they could afford to look after him and he then had to queue day and night for three days for a visa.

Ms Horsley, a child-minder, said: "It has been a total culture shock for Joni. He has been overawed by everything and when we walked into Asda his face lit up. In his country he might buy bread, cheese and meat from a local shop but everything else is grown on the land. He has had a job taking

everything in. He will go home with a lot of cherished memories but his video at Asda is one of the most unusual ones."

Maurice Goldsbrough, deputy manager of the Asda store, said: "Mr Aptula's request to film our shelves was the most unusual we have ever had but we were satisfied he wasn't a spy from one of our competitors. We were happy to show Joni around but sadly we have no plans to open an Asda in Bulgaria just yet."

To most Britons the attractions of Hartlepool (pop 100,000) are limited. Once a big shipbuilding, steel and fishing centre, the town's biggest employer is now the local council. Tourist attractions include the £200 million historic quay and marina complex on the site of the old shipyards. It is also home to



Aptula: "No one at home would believe it"

HMS *Trincomee*, believed to be the oldest floating warship in the world, restored to its original condition. Hartlepool's nuclear power station, one of the first of its kind in Britain, is also open to visitors.

Wheelie bin given a parking ticket

By SIMON DE BRUXELLES

A TRAFFIC warden who issued a parking ticket to a wheelie bin was the toast of colleagues yesterday. But David Hughes' over-enthusiasm did not impress the bin's owner, who said he would rather go to prison than pay the £15 fine.

The wheelie bin was taken by children from outside a wine bar in Pontypridd, South Wales, and abandoned in a nearby municipal car park. Mr Hughes noticed the bin was not showing the required pay-and-display ticket despite occupying a parking space, and booked it.

Jeff Skinner, 56, the wine bar's owner, said yesterday: "I was furious when I saw

the ticket but I can see the funny side now. I'm baffled that anyone can think a wheelie bin looks like a car. The warden needs his eyes tested."

His wife, Angela Skinner, 51, who helps to run Jefferson's Bar, said: "I've heard of people having a 'jobs' attitude but this takes the biscuit. We pay £6,500 a year in rates to the council, yet they have a cheek to give us a £15 parking ticket. We would rather go to jail than pay up."

However, the Skinners are unlikely to end up in prison. Council officials admitted that a ticket issued to a wheelie

bin was unlikely to be taken seriously. David Sherrard, assistant director of highways at Rhondda Cynon Taff Council, said: "Clearly tickets cannot be issued for things like wheelie bins and we won't proceed with this."

He added: "I suppose it is a bit unusual to issue a ticket for a bin. There have been problems with bins in the past being left in the car park spaces. The warden issued the ticket in frustration."

A colleague of Mr Hughes said yesterday: "Dave is very conscientious and dedicated to his job, but he has had a few leg pulls over this."

Beans mean jail for angry husband

A MAN who pelted his wife with tins of baked beans during a row in a crowded supermarket has been jailed for four years. Joseph Coyne kept up a bombardment for 15 minutes as his wife Alison tried to shelter in a storeroom.

He fled when other shoppers began to return fire with cans of dog food but, as he ran from the store, Coyne hit the shopkeeper in the face, wrestled a woman police officer to the ground and rammed a patrol car as he drove off. His wife, aged 30, was left with

cuts, bruises and two broken fingers after the incident at the Spa store in Kenfig Hill near Bridgend, South Wales.

Martin Kelly, prosecuting at Cardiff Crown Court, said that Coyne had been drinking and attacked his wife, a mother of three, during discussions about a separation. After the talk in her car grew heated, she fled into the supermarket.

"The couple had been together for 10 years but their marriage was somewhat stormy," he said.

"They were separated for

three weeks and had met up to talk about money. When he began attacking her, she fled into the storeroom but he broke down her barricade.

"He threw the tins so hard the cans were all found to be bent and crushed afterwards." When shoppers came to the rescue and threw tins at him, he ran away. A police officer arrived and arrested him, but he wrestled himself free just as she was taking out her CS gas spray and baton. Mr Kelly said: "On the way out, he punched the shop owner in the

face and tried to make a quick escape in his wife's car. A police car intercepted him, but he rammed it. Two officers were later treated for whiplash.

Coyne, a roofer from Porthcawl, admitted assault, actual bodily harm, wounding with intent, dangerous driving, driving with excess alcohol and aggravated vehicle taking. Speaking in his defence, Raymond Lewis said: "He completely lost control. He had a cocktail of problems on a day of madness."

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others' union

The cat's whiskers: Sprite

Armchair fans in line for the best seats

TV coverage means more of the 100m-strong Red Army will see games, reports Daniel McGrory

UNITED boast that they are the best-supported club on earth. There are an 100 million members of the Red Army, but 98 per cent of them have never seen a game at Old Trafford and nor are they likely to.

While home-grown fans voiced their protests outside the stadium last night before the game against Charlton, many of their overseas supporters welcomed the takeover.

Nieran Dunleavy, president of the 500-strong Victorian Manchester United Supporters' Club in Australia, said: "This might not make me popular in the UK, but for us in Australia it is a good move. It means we can watch United on television."

"I admit I'm seeing it in a selfish way, but it is not just Australians who have trouble seeing the team play. Further televising of Manchester United will ensure that a generation of young kids will be able to watch them play."

"At the moment, there are only 55,000 seats at Old Trafford and even local fans can't get in."

Around four million people in Britain claim allegiance to the Reds and yet only a fraction of them ever get a ticket to see a home game. The capacity at Old Trafford is to be raised to 67,400 in the next two years, but it would take more than three seasons for every British fan to get a seat.

If every fan worldwide queued up for their chance, it would take more than 50 years for them each to see one game.

There are more than 200 branches of the supporters' club in 24 countries and United will not recognise any more because they admit they cannot meet the worldwide demand for match tickets.

There are registered clubs in Kenya, South Africa, India, Malaysia, Malta, Hong Kong, Japan, Mauritius, Scandinavia, Switzerland, Germany, Canada and the United States among others and the potential revenue from worldwide

television is "incalculable", according to marketing experts.

President Mandela is said to be a fan and asked to see them when United played in South Africa and there are 17,000 unofficial websites devoted to the club. In Switzerland, 3,000 fans a day call up a website called Swiss Devils.

There is a bar in Turkey dedicated to United, a club in India calling itself by the same name and there are 31 branches of its supporters' club in Ireland alone. There are 35,000 devotees in Mauritius and the replica red shirt is an international fashion item. No other sporting club sells more strips than United.

The purists complain that most who claim to be United fans know nothing about the club. The words "Manchester United" are often the only English that many from overseas can manage, and the joke is that most exiled fans are so out of touch they still think Bobby Charlton is playing.

A recent survey in the fanzine revealed a substantial number of foreign fans had no idea that the club played somewhere outside London.

The official magazine tries to rectify such ignorance by selling 118,000 copies in more than 30 countries.

Marketing executives predict that if United tap their worldwide support with merchandising and "season ticket TV" deals, BSKyB could recoup the money it has paid inside a season.

Digital television means fans around the world should be able to watch every home match.

In Scandinavia, there are said to be more United fans than for any one local club, and the worry is that attendance would suffer in many countries if supporters had the chance to watch Beckham, Giggs and Co from their armchairs.

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Martin Edwards and Mark Booth, chief executives of Manchester United and BSKyB, said the deal was "good for the club, players and fans"

BSkyB appeals for fans' support on bid

Continued from page 1
select the games. The deal will be investigated by the Office of Fair Trading, which has 20 days for an initial investigation, but can ask for a further 15-day extension.

It is the OFT's job to decide whether to recommend that Peter Mandelson, the Secretary of State for Trade and Industry, should refer the deal for a full investigation by the Monopolies and Mergers Commission. Mr Booth, who thought of buying Manchester United in June, said BSKyB had a profound belief in the enduring and increasing popularity of football.

Although no one was saying so yesterday, the deal is largely a defensive move for BSKyB in case it loses a case that opens in the Restrictive Practices Court in January. The court has the power to strike out the existing

television rights deals between BSKyB, the BBC and the Premier League on the grounds that collective bargaining for television rights by the League is against the public interest.

BSkyB plans to join the BBC and the League in vigorously defending the television rights agreements before the court.

As the controversy developed, it emerged that Mr Edwards had been assigned bodyguards by the club's head of security, Ned Kelly, to provide him with 24-hour protection in case he faced violence from disgruntled fans. The club hopes the future can be defused by writing to holders of season tickets promising that the team will not change or dilute its traditions or heritage in order to fall into line with the satellite station's schedules.

Mr Edwards, who will make

£84 million from the deal, said: "I do not think I have ever been popular with the fans over the years for whatever I have done. When I took it over, Manchester United was valued at £2 million. Today it is £625 million. Look at the stadium and look at the team in 1980 when I took it over. Considering all the things I have done, I don't think there are many pats on the back."

"But all I'll say to [the fans] is that before they string me up, give me a chance. I am not about to do anything that destroys the tradition and health of this club. If I do, I deserve to be strung up."

Andy Walsh, chairman of the Independent Manchester United Supporters' Association, said: "We have made our views known and it is now up to the fans to show they are not going to

stand idly by and let the club be ripped from our grasp." The association, which claims to speak for ordinary fans, plans to hold a rally next Tuesday. Mr Walsh added: "Once and for all, they should ensure fans have a say in the way the game is run. This club is not to be sold like some secondhand Jag by Martin Edwards and his cohorts on the board."

□ Peter Mandelson, the Trade and Industry Secretary, has been cleared to make the final ruling on BSKyB's proposed takeover of Manchester United. Lawyers at the DTI together with Michael Scholar, the department's permanent secretary, have advised Mr Mandelson that he faces no conflict of interest because of links with BSKyB and the family of Rupert Murdoch, chairman and chief executive of The News Corporation.

Give deal a chance to work, urges Busby Babe

By JOHN GOODBODY
SPORTS NEWS
CORRESPONDENT

ONE of Manchester United's greatest fullbacks yesterday urged the club's fans to give the takeover a chance to succeed. Bill Foulkes, a former England player and one of the Busby Babes, who became a key member of the first English team to win the European Cup in 1968, described the deal as "progress".

He said: "Let us hope Sky comes up with the goods. You have got to give the deal a chance. The deal gives Alex Ferguson all the money he needs to buy the best players and to carry on and further develop our youth team."

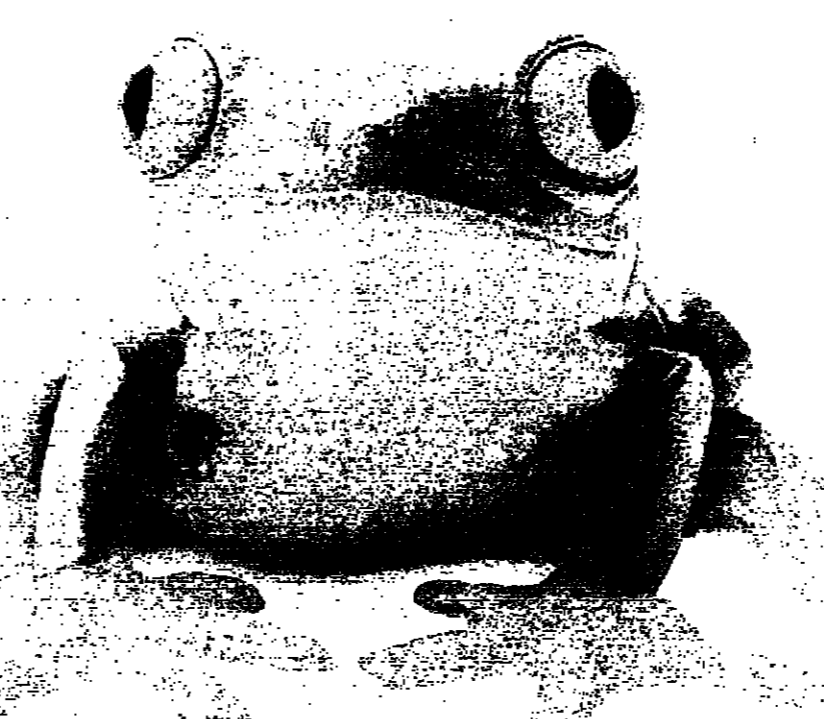
One of his contemporaries, Paddy Crerand, said that he was concerned about the supporters. "All I want to know is how it is going to affect the fans. They want to know if Rupert Murdoch is going to sign the best players in the world, surely if he is spending all this money he will want United to be the top club."

Alex Stepney, the goalkeeper for the 1968 team, was less enthusiastic. He said he believed people would be disillusioned "because it feels like the club is being lost to the money men".



Bill Foulkes: Manager can buy best players

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JOHN BAYLEY'S MOVING STORY OF HIS LIFE WITH IRIS MURDOCH

Employers pay out £300m over stress at work

By FRANCES GIBB, LEGAL CORRESPONDENT

MORE than 400 legal actions against employers are being brought as a result of stress suffered by workers, according to the latest figures from the TUC.

Last year trade unions won about £300 million for their members, with stress topping the list as the cause of the legal disputes, according to a survey, *TU Trends: focus on union legal services*.

A rise in stress cases among members was reported by 22 per cent of trade unions, and 459 cases are in progress. The majority of stress actions — which are personal injury claims — are settled before they reach court.

In one case, the widow of a Union member who was driven to suicide by stress at work received £25,000 in an out-of-court settlement from North East Essex Mental Health NHS Trust. The man

had been subjected to a "vindictive, oppressive, ruthless and macho style of management", Unison said.

His managers had been aware that he was suicidal, but had done nothing about it. The award made legal history because it was the first time a widow had received a settlement for suicide caused by stress at work.

Trade unions brought a total of 3,346 cases to employment tribunals in 1997. Just over half related to unfair dismissal. The year before, that figure was 90 per cent.

Some 14 per cent related to unlawful wage deductions, 11 per cent to redundancy and 10 per cent to breach of contract. Claims over sex, race and disability discrimination amounted to 8 per cent.

Both repetitive strain injury and assaults on staff are also on the increase. Most personal

injury awards won by unions, 72 per cent, were between £1,000 and £15,000.

The survey also found that more unions are providing general legal services outside the workplace — 14 provide free will-writing services, 25 provide legal help after road accidents, seven provide medical negligence services and 13 offer helplines.

John Monks, TUC general secretary, said: "We provide the safety net for working people who cannot afford their own lawyer, cannot rely on legal aid and cannot otherwise obtain justice."

In 1997, unions employed 149 staff to work only on legal matters. The survey points out, however, that they are cost-efficient for their members. Unions spent £15 million on legal services, which was 5 per cent of the personal injury damages they secured.



Dickie Bird waits to start his final match. "It's very emotional but you can't stop time"

Rain delays play as Bird retires with half-century

By PAUL WILKINSON

DICKIE BIRD'S dislike of rain is legendary among cricket followers. To their great disgust, the umpire was notorious for calling the players off at the slightest sign of dampness on a bowler's brow.

So there was a gentle irony yesterday among spectators at Headingley when the last first-class match he will control was delayed by a down-pour. "This is typical Dickie Bird weather," said one as ground staff hurriedly pulled the covers over the wicket.

Yorkshire-born Mr Bird is bowing out where his career began 50 years ago to the day. Spectators much older than his 65 years queued for his autograph as he waited for the rain to stop for Yorkshire's county championship match against Warwickshire.

Elaine Smith, 68, summed up the crowd's extraordinary rapport with him. "It's become a bit of a joke that the crowd blame Dickie whenever it rains. But he's been a great ambassador for the game and it will be a very emotional occasion for him today. He's given his life to the game. It will probably be the first time that tears stopped play."

Mr Bird said there was a

lump in his throat as he unpacked his famous white coat for the last time. "I'm very sad. It's very emotional but you can't stop time. It's the law of the English Cricket Board that umpires have to retire at 65. I'll really miss the players, the laughing, joking and the banter.

"Headingley is where it all started for me when I first came as a boy of 15 for my first practices with Yorkshire. And this is where it is all going to end. I've got happy memories that I will treasure for the rest of my life."

His routine was the same as usual, arriving on the stroke of 8am. "This match is extra-special but I still get the same adrenalin rush when I walk out to the wicket now that I did 50 years ago."

He said that he had been honoured to play alongside greats such as Fred Trueman, but his greatest moment was receiving the MBE from the Queen. "That MBE means more to me than my life. I'm so proud of it."


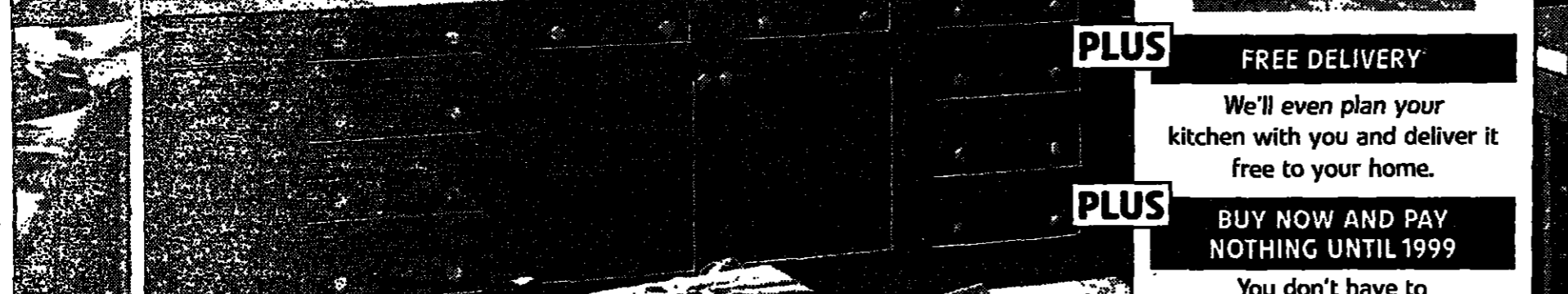

He will watch the game for fun and hopes to find some role in its organisation. "I want to help in some way."

County cricket, page 49

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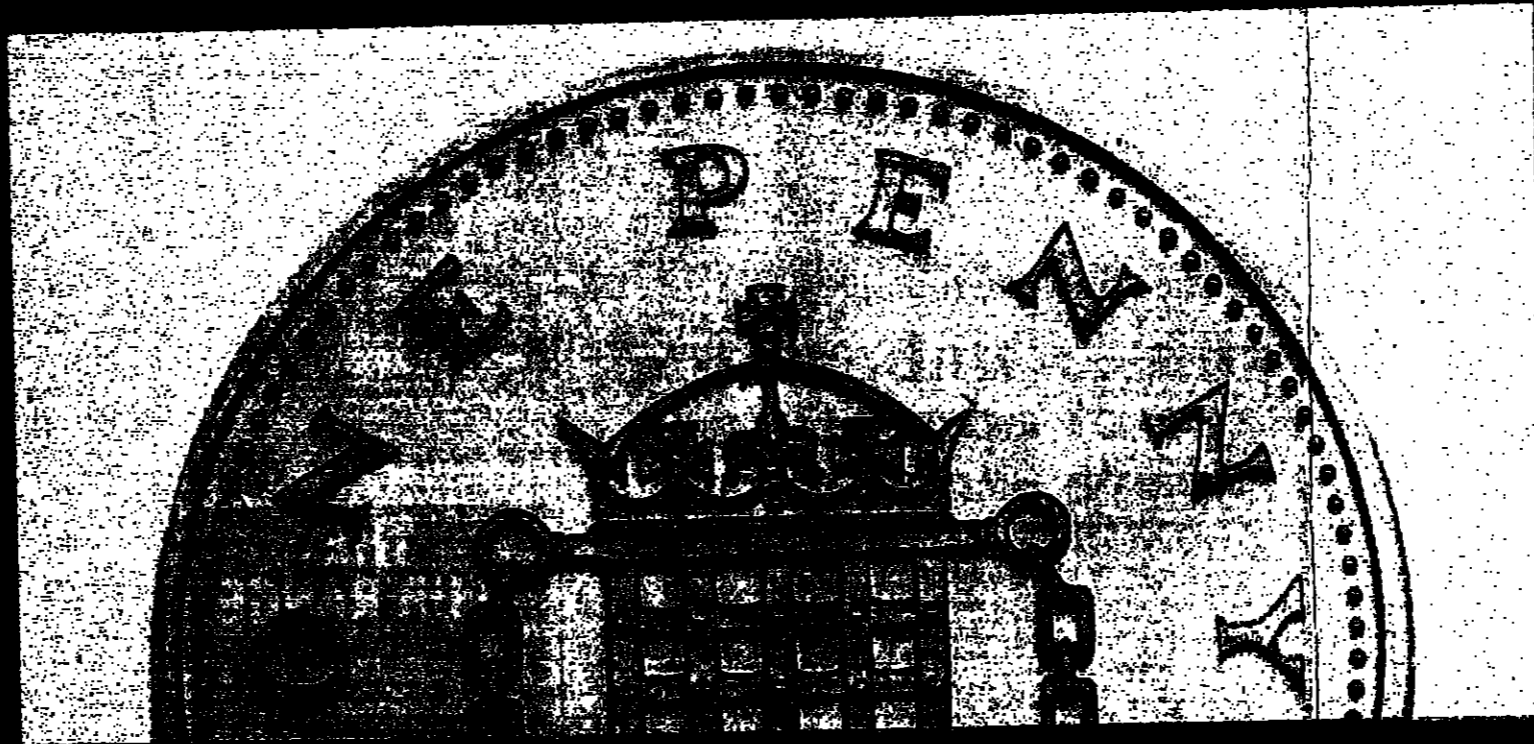
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The cat's whiskers: Sprite

... from our principles

US police say Fashanu lied about his sexuality

By DOMINIC KENNEDY

JUSTIN FASHANU lied repeatedly when questioned about an alleged sexual assault on a 17-year-old boy in the United States. American police said yesterday after a London coroner recorded a suicide verdict on the footballer.

Seeing the youth with a black man who had an English accent. Fashanu denied that the boy had been in his car but the police said that the youth was able to identify it. "He was lying to us," said Sergeant Morris Carroll.

Howard County Police yesterday gave *The Times* the first details of Fashanu's alleged lies after the coroner for Poplar, East London, stated that the "fallen hero" had not been a wanted man at the time he hanged himself.

second-degree sexual assault, and first-degree and second-degree assaults, which he denied. He faced a possible 20 years in jail. Homosexual acts are illegal in Maryland.



Justin Fashanu's family outside the coroner's court in London yesterday. They said that his name had been cleared

for money. When I said 'No he said 'You wait and see' if that is the case, I hear you say, why did you run? Well, justice isn't always fair and I felt that I wouldn't get a fair trial because of my homosexuality.

(Silly, really, but you know what happens when you panic.) "The blood is from my wrist cut because I want to die rather than put my friends

and family through any more unhappiness." The coroner, Stephen Chan, said: "It is clear he made a declaration of innocence. He expressed his lack of faith of a

fair trial. He did not wish to take any more pain or indeed to cause further distress to his family and his loved ones. Sadly, he decided that death was to be the only way out."

Friends tell of pressure on Oxford student who cheated

By ADRIAN LEE, VICTORIA FLETCHER AND HANNAH BETTS

THE Oxford University Students' Union president expelled for cheating was in hiding yesterday as her friends and family sought to understand her conduct.

Katherine Rainwood, 22, was sent down in the summer after proctors found that the St Hilda's College undergraduate had used "unfair means" in her politics, philosophy

and economics finals. It is believed that having told investigators she had hurt her wrist she was allowed to use her personal computer and downloaded a pre-written essay.

Yesterday friends said they believed she had acted under the pressure of trying to combine student politics with final exams. Others felt she was driven by her older sister Helen's achievement of a first in Classics from Cambridge.

her name from Katerina Lakka after leaving Brighton and Hove High School, was brought up with her two older sisters and younger brother in Eastbourne, where her mother Sarah Castledine teaches English at a comprehensive school. She is divorced from her husband, Andrew Lakka, a nightclub owner.

One close family friend said: "Knowing Katherine, I would have said any pressure was self-imposed — she set herself very high standards." She said that Mrs Castledine, who "lived through the achievements of her four children", was distraught and could not bring herself to tell friends exactly what was alleged to have happened.

Rosalind Woodbridge, the headmistress, said: "I can scarcely believe it — it is so out of character. She was very clever, one of the best historians I have taught and equally able in every subject." Miss Rainwood was described by friends as a "strong-minded extrovert", a keen debater and student politician with a reputation for political correctness, an anti-establishment attitude and advocacy of homosexual and bisexual

rights. She was elected last year as OUSU President on a new Labour ticket. In her election posters she described herself as compassionate with a hard edge and promised to make the exam marking and appeals system more transparent, telling voters: "I will do everything that can be done, and more." She resigned two days after taking up the post, citing only "personal reasons".



Rainwood: combined politics with finals

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NEWS IN BRIEF

Mardi Gra case trial for brothers

Two brothers in their sixties were committed for trial at the Old Bailey yesterday accused of the "Mardi Gra" bombing and blackmail plot involving branches of Barclays bank and Sainsbury, which lasted for almost 34 years.

Edgar Pearce, 60, is charged with 20 offences, nine of them jointly with his brother, Ronald, 66, over a period from December 1, 1994, to 28 April, 1998. They include nine charges of blackmail, four with his brother, assault, possession of an explosive substance and possession of weapons "designed or adapted for the discharge of a noxious thing". The Pearce brothers, from separate addresses in Chiswick, West London, were remanded in custody at Horseferry Road Magistrates Court in central London.

Bahamas murder inquiry extended

By DANIEL MCGRODY

A SCOTLAND Yard detective hunting a suspected serial killer in the Bahamas is to investigate the murder of a British teacher there.

The family of Carol Leach appealed to British officials for Detective Superintendent Brian Morris to extend his investigation after condemning the local police for failing to find her killer.

Mrs Leach, 36, was found battered to death in her home on the island of Eleuthera in August last year. She had been killed by a single blow to the head, apparently from the blunt end of a machete. There was no sign of a sexual assault and nothing was taken from her villa.

Mr Morris is in the Bahamas to help local police to investigate the murder of Joanne Clarke, 24, of Banbury, Oxfordshire, on a beach on Paradise Island last month. Her death is believed to be linked to that of an American teacher, Lori Fogelman.

Mr Morris will now travel to the neighbouring island of Eleuthera to carry out inquiries into the death of Mrs Leach, who had moved there seven years earlier with her husband, Christopher, also a teacher.

Mrs Leach's mother, Eve Gamson, 64, of Coleford, near Bath, said yesterday: "I desperately need to know who did this to my daughter and why. When I heard that Scotland Yard was going to investigate the other murders, I asked whether they would be allowed to investigate my daughter's murder and was told 'no'.

"I was very upset and I protested long and loud. I think the other murders have received such a high profile because they were killed on Paradise Island, which is a very rich playground. I don't believe Carol's death was as important to the local police."

"But I am so pleased and very relieved that at last something appears to be happening, although I have to be honest and say that my hopes are not very high because it is a year ago and the trail will probably have gone cold by now."

Publican shot

A village publican was found dead in his cellar with a single gunshot wound in his back. Tariq Javed Sattar, who had been running the Black Bull, in Birky, near Huddersfield, for four months had been bound hand and foot. The pub safe was open.

GCSE blunder

About 130,000 pupils will have their GCSE grades improved after a computer error gave them the wrong final marks. The Northern Examinations and Assessment Board said the mistake occurred in a new program to calculate results.

Hoaxer jailed

John Smyth, 53, of Wigan, whose step-son was one of the first soldiers on the scene of the Omagh bombing, has been jailed for 15 months for making a hoax bomb call to John Mowlem & Co, his Warral-based former employers, on July 11 last year.

£2m heroin haul

Twenty kilograms of heroin with a street value of £2 million was seized from a car in a lock-up garage at Tottenham, North London, Scotland Yard said. A man aged 38 was being questioned on suspicion of possession of drugs with intent to supply.

Hit for six

A batsman hit a six then watched as the ball crashed through the windscreen of his own BMW. Rain stopped play and Kevin Cresswell, 29, of Sholing, Southampton, had immediately to go in search of a replacement windscreen to stop the interior getting wet.

CORRECTION

A report yesterday in which Chris Paten questioned the wisdom of the Conservative ballot on Europe was accompanied in some editions by a photograph of Lord Patten. We apologise for the error.

Opera

Concerts

abolish...

Daha Albert...

JOE CENTRE

Welcome to a colour

سكنا من الاصل

Opera orchestra defends extra payments

Covent Garden is determined to abolish 'restrictive practices', report

Dalya Alberge and Frances Gibb

A FLAUTIST at the Royal Opera House is paid extra for a performance at which he is required to play the piccolo. Although standard for orchestral musicians, that is the kind of restrictive practice that the cash-strapped house is trying to eliminate from its costs.

A spokesman for the Opera House said: "The practice of 'doubling' is common and standard in orchestras. It ought to be brought to an end. It is expensive and we can't afford it."

Percussionists, he said, were paid per instrument they use: every different drum, he suggested, had a different price. Dancers, too, have complex infringement payments so that if they have to dance or rehearse during meal breaks, they receive some money. "We are trying to bring that to an end, and consolidate them into the basic salaries."

Not surprisingly, the musicians are outraged that they stand to lose extra earnings. Horace Trubridge, of the Musicians' Union said that world-class orchestral musicians had in the past 12 months struggled to earn just £20,000. He added that the management were now trying to reduce fees even further with part-time contracts and the relinquishment of all payments for media rights and broadcasts. "This is blackmail."

Working in Covent Garden's orchestra, he explained, is one of the worst-paid jobs for a musician in London. Its members earned less than their counterparts in English National Opera, and are considerably worse off than

musicians working on theatre shows. They have constantly had the promise of jam tomorrow.

He said that the board's decision itself constituted "the ultimate in restrictive practices" in that the board did not wish to share the profits from broadcasts. Without such payments, he explained, musicians could not make a living. Many were on the breadline.

The rescue plan put forward by the Royal Opera House could be justified if the institution was in extreme financial difficulties, a specialist in employment law said yesterday. Stephen Gummer, a solicitor in the employment law department at the London firm Beachcroft Stanleys, said: "Obviously, this is a draconian measure but it is nothing novel — it does not break new ground."

"If you have an employer who faces bankruptcy and may have to close, then is a question of saying to the employees: either you have your P45 and your statutory redundancy, or you take this deal and we try to save the company from going down the chute."

He emphasised that any rescue plan involving renegotiated pay and working conditions would have to be fair and reasonable in all the circumstances.

"This is what a tribunal would look at if people refuse to accept the new terms and seek to argue constructive, and therefore unfair, dismissal."

But, he said, the Opera House will have taken a business decision. "Provided they have gone about this in a fair and reasonable manner, considered options and decided that this is the only one, then they would have a defence to any tribunal claim."

He added that some employees might accept the package and others might reject it. "If that is the case, then the Opera House has no option but to sack those who reject the new terms. Those are the ones who would be likely to pursue the possibility of any claims," he added.

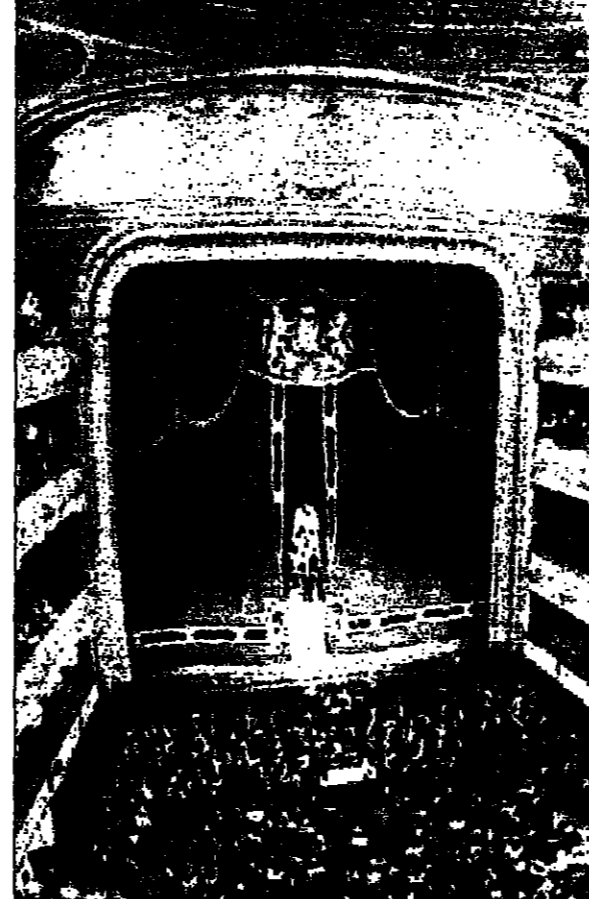
Representatives of Equity, the Musicians' Union and Bectu representing performers

Soloists — Can expect to earn between £3,000 and £5,000 a performance. The size, however, expect much more. Although the ROH says it never discusses individual fees, stars such as Placido Domingo, Luciano Pavarotti and Kiri Te Kanawa (right) are believed to command figures of between £20,000 and £50,000.



Chorus — After an agreement renegotiated last year, they are on a salary of £25,400. That has taken in most of the overtime, infringement payments and unlimited radio access.

Tickets — The range has yet to be agreed. In the old house, tickets for a normal opera were between £120 and £135, though a Pavarotti gala was much more. In the new house, they hope to bring down those prices to between £90 and £100. They will also change the pricing from 11 different bands to six, making it simpler. They will also have many more seats in the middle price areas. The £75 to £80 range will go down to £40 to £45. Tickets start at £5.



600 staff — Including those who have just heard the news of their redundancy. **Stagehands** — Including overtime, the average salary for a scenery shifter is £35,000. **Production costs** — Including scenery, costumes and wages, the range starts at £50,000 per show and goes up to £300,000-plus. **Heating and lighting** — The estimated cost for the first full year in the new house is £500,000.

Conductors — such as Bernard Haitink (left) and the player in the strings, for example. A principal player gets a higher fee than a rank and file player in the strings, for example. A principal percussionist gets the same as the principal of any other section.

Corporate tickets — Some 15 per cent are currently available to the corporate sector. In the new house, more tickets will be available to the public. Until now, gilly performances went to people on membership lists. In the new house, at least 20 per cent will be available to the public and people on the mailing list, which costs from £8 a year.

Planners approve £4m idea for bomb church

By Robin Young

PLANNERS have approved a modified scheme to rebuild the City of London's smallest church, St Ethelburga's Bishopsgate, as a centre for reconciliation and peace.

The rare piece of medieval London was seriously damaged by an IRA bomb in 1993. The Right Reverend Richard Chartres, the Bishop of London, has launched a £1.8 million appeal toward the £4 million cost, and hopes to open the restored church in Holy Week 2000.

The Bishop's predecessor, Dr David Hope, now Archbishop of York, launched an architectural competition for a reconstruction of the church. It was won by a glass-fronted design that would have left some bomb damage exposed. City planners rejected the scheme as inappropriate. The new proposals were prepared by the architects Purcell Miller Tritton and had the support of English Heritage, the Royal Fine Art Commission, the City Heritage Society and the Friends of St Ethelburga.

Paul Vonberg, the architect responsible for much of the design, said: "The planning committee's decision is a welcome endorsement of our approach, the integration of the old and the new."

The new St Ethelburga's is to incorporate the surviving fabric, and the Bishopsgate facade will be rebuilt from original material, including reconstruction of the belfry from the medieval timbers.

A new courtyard garden is to be constructed at the rear, housing the offices of the centre and also providing a place of retreat for people working in and around Bishopsgate. The courtyard will consist of arched colonnades with a dome, a striking feature over the centre's main meeting room.

When less means more, or how Alice came to Covent Garden

By Rodney Milnes, Chief Opera Critic

Alice's Adventures in Wonderland could only have been set in England: it would be hard to explain to anyone from Europe, let alone from Mars, how it is that two of the leading performing arts companies can best survive by performing less, but such is the result of the trial of strength between funding bodies and the Royal Opera House.

What will be the effect? Well, there's that old-fashioned thing called "morale" and members of the Royal Opera who actually give performances cannot take it as a vote of confidence that they will be giving around 50 fewer performances next year, and less than expected by about a third when — or if — they return to the refurbished House. The "it" because their jobs, anyway, are at risk, with the understanding that if they don't toe the line on working practices then those jobs will cease to exist.

That seems to go for everyone — orchestra, stage staff, dancers — and

although the orchestra for the time being looks comparatively safe, the future of the chorus definitely looks uncertain, and management assurances that they will try to find work for both do not inspire confidence. It can't feel very good being a dancer, stagehand or singer today, especially when none of this can seriously be said to be their fault.

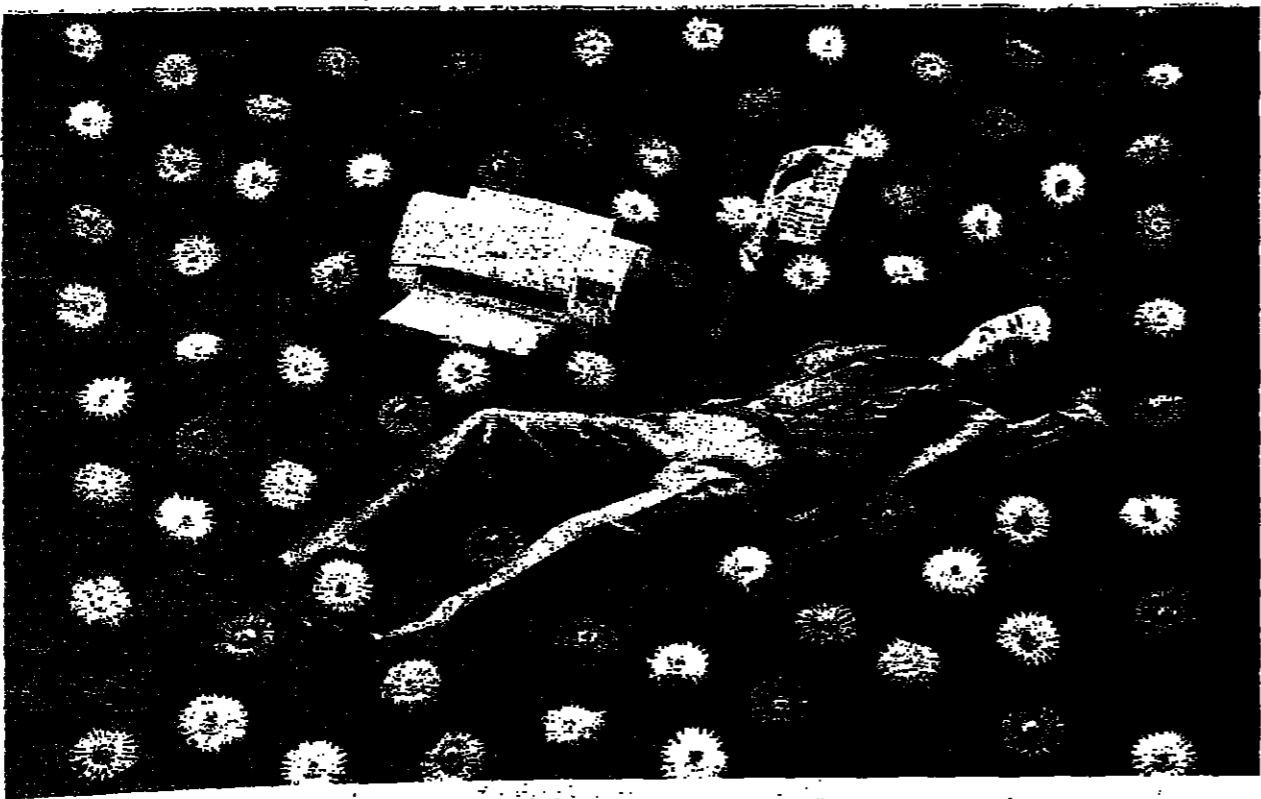
The loss of the six productions which were to have been given at Sadler's Wells next year, three of them part of the on-going Verdi Festival, is as grievous for potential audiences as for performers. Those soloists and production teams already engaged will pick up substantial cancellation fees and find work elsewhere — the sums involved in working out exactly how much will be saved by this cutback must be extremely complex. But one of the ideas behind the closure period plans was to attract new audiences to theatres commanding lower seat prices, especially crucial once it became

plain that the traditional Covent Garden audience showed little inclination to attend performances anywhere else. Who will go to the new House in 2000? Will people simply have got out of the habit?

Meanwhile, the old audience may find satisfaction in the little "country house" companies springing up like mushrooms, and that potential new audience will continue to find solace at the English National Opera. So will the seasonal tourist trade that meant so much to the old House — people come to London because the opera and ballet, not to mention the theatre, are so good. A blank year, as long a time in the arts as a fortnight is in politics, with the added implicit threat that it could be more, is a dangerous thing; people might feel "the hell with it" and find that they can do without the Royal Opera and Royal Ballet. It all seems incredibly shortsighted for the sake of a bit of wounded pride and macho muscle-flexing.



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Princess's fund seeks lawyers to nalt pirates

THE charity set up in memory of Diana, Princess of Wales, is asking leading law firms to tackle pirate merchandisers. The Diana, Princess of Wales Memorial Fund has already set aside a £3 million "war chest" for extreme breaches of copyright. The move comes after criticism of the £500,000 charged by the Princess's divorce lawyers, Miscon de Reya, who worked for the fund since its launch. The fund has yet to publish figures for the legal bills it has incurred. A spokesman for the fund said: "The figures have to be put in context. There was a bill for around £100,000 for the legal work done on the compilation CD which raised £13 million for the fund." Applications close on October 16: shortlisted candidates will be asked to give a more detailed presentation to the fund's trustees in November. The final choice will be made by Christmas. Independent assessors will help to judge applicants. Miscon de Reya is expected to tender, although Anthony Julius, chairman of the trustees and a consultant with the firm, will not take part in any vote.

Your health is in your hands, public is told

MAJOR improvements in the nation's health can only be achieved by changes in lifestyle, Sir Kenneth Calman, the retiring Chief Medical Officer, said in issuing his seventh and last annual report yesterday. While medical advances had helped to increase life expectancy and reduce mortality rates from illnesses such as cancer and heart disease since his appointment in 1991, the potential to improve health further was now largely in the hands of the public. "We can do very much better," Sir Kenneth said. "The major issues about changing health in this country relate to lifestyle and behaviour. Things like cigarette smoking, obesity and lack of fitness are very significant. It doesn't cost any money at all to address these problems which are key to the health of the nation." Since he took over as what he described as "the nation's GP" in 1991, the average expectation of life for men has improved from 73.4 years to 74.6 years and from 78.9 years to 79.7 years for women. Coronary heart disease deaths are down 30 per cent, compared with 13 per cent between 1981 and 1987. Deaths from breast cancer have fallen by 17 per cent compared with 0.7 per cent over the same period a decade earlier. However, the proportion of

Ian Murray on the retiring Chief Medical Officer's prescription for a fit nation

units increased from 11 per cent to 14 per cent. Sir Kenneth highlighted screening as one of the ways in which science could continue to improve health. Only three programmes — breast and cervix tests for women, and bloodspot tests for babies — were widely and successfully used. A pilot screening scheme for colorectal cancer was being planned and others for hepatitis B during pregnancy, chlamydia, Down's syndrome and ovarian cancer are being considered. He gave warning that although 100 screening programmes were in use worldwide, none was perfect. "Some of these are not necessary or of the right quality. Every time you introduce a screening programme, some people who are perfectly healthy will be unnecessarily investigated and even treated." More attention needed to be paid to investigating autism, which affects about 20,000 children, and diabetes, the incidence of which was expected to triple to three million over the next decade. The largest chapter in his annual report covers the impact of the environment. It says that global warming is likely to increase deaths caused by heat stress in summer and the number of intesti-

nal infections. A warmer climate would also amplify the biological impact of certain air pollutants and increase the dangers of cancer from ultra violet rays. The high death rate in Britain during the winter months contrasted with that of countries with colder climates but better housing policies. Poverty and slum conditions meant that Britain's excessive death rate in winter was a cause for concern. Sir Kenneth, who once described his job as "the epicentre of stress", retires to become vice-chancellor of Durham University on September 21. Professor Liam Donaldson, director of the NHS Northern and Yorkshire region, will succeed him. On the State of the Public Health 1997 (Stationary Office: £18.50)



Sir Kenneth Calman, who has spent seven stressful years as "the nation's GP"

Death rate in young men bucks the trend

ALTHOUGH life expectancy is increasing, the death rate among males in the 15 to 44 age group is worse than it was in the early 1980s. A high suicide rate, violence, Aids and road accidents are the likely reasons, but Sir Kenneth Calman, the Chief Medical Officer, pointed to this depressing statistic as one of the few failures during his term in office. In 1992 there were more than two additional deaths per 100,000 men aged 25-29 than a decade earlier, one more death among those aged 30-34, and six more per 100,000 in those aged 35-39. Men are twice as likely to die from lung cancer as women, and men aged 65 are 3½ times as likely to suffer from coronary heart disease as women. Among men aged 15-34, some 21 per cent of deaths are from road traffic accidents. Sir Kenneth said that the rising suicide rate in young men during the 1980s appeared to have halted, but the pace of modern life could explain why an increasing number of both men and women were taking anti-depressants. Between 1994 and 1996 the number prescribed drugs such as Prozac rose by 19 per cent among men and by 15 per cent among women. About 36 men and 81 women in every 1,000 of the population are on anti-depressants.

Germany back to Old Man

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Nurses are cool over new chance of bonuses

By OUR MEDICAL CORRESPONDENT

NURSING leaders gave a cool reception yesterday to a government announcement that senior nurses could earn more than £1,300 extra a year in discretionary payments. "This doesn't address the main problem of the nurse shortage crisis," said Stephen Griffin, director of labour relations at the Royal College of Nursing. "These discretionary points will not apply to the vast majority of nurses." The extra money for senior nurses taking on additional responsibilities was recommended by the independent pay review in January but details of how the system operates have only just been finalised. Nurses in the four most senior grades will be able to qualify for up to three extra pay points, worth £375 to £400 each, a total rise of 5 per cent. Radiographers and occupational therapists could earn up to 7 per cent extra. The agreement came a day after the Prime Minister announced that senior nurses would be granted consultant status, enabling them to increase pay and merit awards. Surveys among staff found wide dissatisfaction among senior nurses, with 25 per cent contemplating resignation within 12 months.

Doctors want 10% pay rise to restore morale

By MARK HENDERSON

DOCTORS yesterday defied government calls for public sector pay restraint to demand a rise of at least 10 per cent next year to bring their salaries into line with other professionals. The British Medical Association called for the increase of more than three times the inflation rate in its submission to the independent pay review body for doctors and dentists, which it urged to consider a five-year programme of rises to increase pay by as much as 50 per cent. Ian Bogle, chairman of the BMA council, said that the rises, which would cost £300 million a year, were essential to restore morale and stop doctors from leaving the NHS. "The attrition rate following the initial enthusiasm of young doctors is absolutely frightening, causing anxiety about our future ability to man the health service. One of the main factors behind people going into a responsible job is the rate of pay, and therefore I expect the public will understand that the rate of pay we are asking for is justified." A GP's salary, net of average practice expenses, is £47,540, rising to £48,035 on December 1 when the second stage of this year's award is added to salaries. A 10 per cent rise would take their earnings to £48,515. The lowest paid junior doctors earn £15,800 rising to £16,145 in December, and top consultants who win maximum distinction awards can earn up to £113,890, rising to £115,130 in December. Basic consultant earnings before bonuses are £57,300 at the top pay scale, rising to £59,040. The BMA demands are almost certain to be resisted by the Government, which in July promised £21 billion more for the NHS over three years but said it expected the money to go on patient care, not staff salaries. The Chancellor, Gordon Brown, has asked review bodies to consider affordability and inflation in reaching next year's pay awards, a point reiterated by Tony Blair this week. Paying doctors more would be one of the most effective ways of improving the calibre of treatment in the NHS, Dr Bogle said. "I deplore the thinking which says if you get a significant pay award then patient care will suffer. I find that thinking flawed. Resourcing of staff is essential, a key ingredient in the provision of care."

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Germany back to Old Man
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Germany wins back looted Old Master

A DUTCH Old Master looted from a German art gallery in the final days of the Second World War must be returned to Germany, more than 50 years after it was stolen by the Red Army, the High Court ruled yesterday.

The *Holy Family with Angels and Saints* by Joachim Wtewael, worth £700,000, was one of thousands of artworks stolen as war trophies and distributed to the four corners of the Soviet empire.

Yesterday's judgment was seen as a landmark decision with far-reaching consequences for the international art market. Dr Michael Carl a solicitor who has worked on stolen art cases for 30 years, said dealers and auction houses would have to apply much stricter legal standards when selling objects.

The story of how Wtewael's masterpiece of Dutch Mannerism made its journey from a castle in Thuringia in 1946 to a Sotheby's art sale in 1992 has all the ingredients of a John le Carré novel. The characters include Smersh, the forerunner of the KGB; "Big Mama", an ambassador's wife with a sideline in art smuggling; a mafia-controlled Russian icon art ring; and a secretive Panamanian-registered company, Cobert Finance SA, accused of concealing vital information about its dealings.

Add to this allegations made in court that a key witness was paid US\$10,000 (about £6,000) at a shady meeting in the foyer of the Savoy Hotel in London last February and you have what Mr Justice Moses understatedly described yesterday as a "very stimulating case".

During the three-week hearing, the High Court heard how the disputed masterpiece — painted on copper in 1603 and measuring 6in by 6in — was bought by Cobert Finance in 1989. It was put up for sale by Sotheby's in 1992 but

Peter Foster on how a painting taken as a war trophy came to be on sale at Sotheby's

withdrawn when doubts were raised about its provenance.

The picture's pre-war history is not in dispute. From 1826, it was owned by the dukes of Saxe-Coburg Gotha until the family was deposed in 1918 and the picture transferred to a municipal Foundation for Art and Science. Historians who gave evidence concluded that the picture was most likely removed from Thuringia in 1946 by a Russian trophy brigade led by a Major Professor Alexeyev under the authority of Smersh.

In the mid-1980s the picture resurfaced on Moscow's thriving black art market and at this point, accounts diverge.

Cobert Finance initially claimed that the picture was given to a Latvian Colonel in the Russian army by a German family in return for food. His son, they said, took it to Moscow in 1985 before selling it to a Mr Sunguzo who sold it in Berlin to a Mina Breslav who, finally, sold it privately to Cobert in London in 1989. However, on the first day of the trial, Cobert conceded that it had not acquired the painting in good faith.

The Federal Republic of Germany gave a very different account of the picture's tortuous progress across Europe, based on the evidence of two Russian art smugglers. One, Alexander Makhin, told how

he had first seen the painting at the Moscow flat of two icon smugglers.

Makhin contacted a German man Helmut Furst, who smuggled works of art from the former Soviet Union. Makhin then said he had set up a meeting in an embassy limousine between Furst and Mariouena Dikeni, the wife of the Togo ambassador in Moscow. Mrs Dikeni, also known as "Big Mama", agreed to act as courier but later claimed to the cultural attaché to the German Embassy in Togo that she had lost the picture to the Berlin dealer who was selling it.

Mr Justice Moses said that thieves should not be able to prosper by hiding behind European laws that put time limits on reclaiming stolen property. "The law favours the true owner of property which has been stolen, however long the period which has elapsed since the original theft."



Michael Carl with Joachim Wtewael's *The Holy Family with Angels and Saints*

Knife man sent to Broadmoor

BY JOANNA BALE

A YOUNG man who tried to murder a charity worker on a train by plunging a knife into her head was yesterday ordered to be detained indefinitely at Broadmoor high-security hospital.

Robert Buckland, 18, carried out "a premeditated experiment in violence" on Alison Kennedy, 28, Judge Geoffrey Grigson said at the Old Bailey. "You struck her a terrible blow intending she should die. It was only a miracle that led to her survival."

Buckland, unemployed and of no fixed address, showed no emotion as the judge made the order for him to be detained without limit of time under the Mental Health Act. He had apologised through his counsel, Anthony Bridgen, for "ruining his victim's life". Mr Bridgen said that there had been "no motive or logic" in the attack.

Miss Kennedy is still being treated for the injuries she received on a Waterloo-Guildford train in March last year. After the attack, she staggered along the train for help with the 5in blade embedded in her head.

This year she underwent

surgery to fix a metal plate in her skull. She suffers from tunnel vision and partial paralysis in her arm. She has returned to her job with the Multiple Sclerosis Society.

The judge said that Buckland presented a grave danger to the public. His offence would ordinarily justify life imprisonment, but doctors agreed that he had a personality disorder and was likely to respond to treatment.

Buckland, who was convicted this year, had admitted wounding Miss Kennedy, but denied trying to murder her.



Kennedy: she was stabbed in the head

M1 loses its way into the heart of Leeds

THE M1 motorway, London's road link with Leeds for the past 30 years, will stop three miles short of the city after next week. (Paul Wilkinson writes). From September 16 the final section north of junction 43 through the suburbs will become part of the M621.

Motorists will still be able to drive into the centre of the city by motorway, but Highways Agency officials are anxious that they should not be con-

fused by the new route numbering. The change, which will also involve the re-numbering of five junctions on the old M1, is being made ahead of the opening next year of a new £190 million extension of the motorway, which will bypass Leeds to link with the A1 heading north to Tyneside and Scotland. Construction work on two massive multi-lane interchanges at each end has been underway for almost two years.

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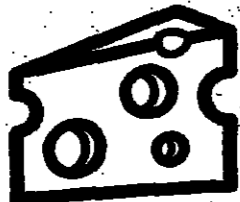
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PAGERS

Weathermen's vital war role is to get wind of nuclear peril

By VALERIE ELLIOTT
WHITEHALL EDITOR

BRITAIN'S weather forecasters would play a crucial role in the event of nuclear war, according to papers deposited at the Public Record Office. They would assess the speed of any radioactive fallout spreading across the country by monitoring the wind.

They would also have a significant role in informing Nato of any

changes in the atmosphere, which would help to plan aircraft operations.

The secret role to be played by the Meteorological Office is disclosed in plans drafted in the 1960s. The importance of its work is made clear: "The safety of millions of people may depend on the measurements of upper winds."

A buff file contains instructions for all Met Office staff at time of

war. It reveals that some staff should not be incurred without vital operational justification. The memo also says that "staff should not take suicidal risks to obtain data since they constitute a valuable part of the defence organisation and would be difficult to replace."

B. C. V. Oddie, a former senior Met official, advised that all stations should be equipped to maintain a state of siege lasting more

than a week. This would include moving in emergency food rations, beds and materials for covering windows.

Mr Oddie listed a series of public warnings that would be activated "in a state of tension". A red code would alert a continuous siren indicating an immediate danger of attack and for the public to take cover. A grey code would also be signalled by a siren or church bells and warn of a fallout

within one hour. In Scotland, however, they might have to manage by verbal or whistled messages. A black code would be sounded by maroon, a gong or whistle and would mean imminent danger of a fallout. A white code would also be triggered by a siren and assure the public that there was no further danger.

The papers reveal plans to move the main weather headquarters from Bracknell to Gloucester in an emergency. If there were time, key staff would be drafted in to the Gloucester base, otherwise officials on site would follow instructions in a secret manual. They would communicate by teleprinter and would have no access to land lines or facsimile.

The file reveals that a most important role for the emergency centre would be to predict and warn of gales, preferably within 12 hours.

Intelligence officers who waged battle of the sexes

Released papers disclose troubles of the Admiralty's 'Secret Ladies of Room 30'. Valerie Elliott reports

WOMEN intelligence officers who tracked Hitler's U-boats during the Second World War faced their own battles at the Admiralty. The plight of the "Secret Ladies of Room 30" is documented in papers deposited at the Public Record Office at Kew.

The tensions among naval intelligence staff inside the building known as the Citadel was the subject of a secret report. Rear-Admiral Sir John Godfrey, Director of Naval Intelligence, wanted to improve arrangements for men and women officers working together.

Discrimination and poor training were the main complaints of the women as they strove to interpret the Enigma codes and to track German submarines. It is clear, however, that Sir John trusted women more than men to keep national secrets. As the

head of an intelligence section, one Mrs Stewart, put it: "By giving a woman the responsibility of a secret you enhance her importance in her job. But not outside her job for, apart from her work, she is first and all the time a woman. By giving a man the responsibility of a secret you enhance his importance in and out of his job. It is obvious with whom lies the greatest temptation to talk."

But Mrs Stewart did not believe that women made the best managers of their own sex. Women "have a fine sense of cruelty where other women are concerned," she said. "A woman in power over other women is often dangerous." However, she added that

women's "mental contribution is distinctive and when of first-class quality indispensable."

The problem was that men often had no idea how to deal with a woman member of staff. Mrs Stewart thought, "Much of her work is intuitive and therefore incomprehensible to a man. She will appear impatient in the face of cold logic and hard reason. Her outstanding merit is the touch of intuitive brilliance which makes all the difference between inspired and merely pedestrian intelligence work."

Some women had left their jobs because they could no longer tolerate the male attitude, she noted. "Not a few were either lost or antagonised by a degree of quarter-deck

manner of which any service officer would take no notice."

But a Mr Woolf felt that senior male officers discharged their duties admirably. "Women should be employed in the capacity of an assistant," he opined. "I have found that women prefer to work under the leadership of a man; he is generally more tolerant and less inclined to impose petty restrictions."

"A man of a mature age understands the demands on their sex - physical, mental and moral - and has a kindly thought for what I venture to suggest is all too easily forgotten these days, that after all despite so-called sex equality women are still the gentler sex and should be treated accord-

ingly." He plainly doubted the ability of women to cope. "Ladies who have lived sheltered lives and who had been waited upon from birth could scarcely be expected to get down to a real job of work. They invariably cracked both mentally and physically."

A woman intelligence officer who said that she had been passed over for training remarked: "My presence as a woman was resented because my status as a potential equal threatened an established monopoly." She was not taught key codewords nor the arcane details of traffic-breaking.

But the thrill of the job made up for it. There was the tremendous satisfaction, she said, of "bringing off a forecast and sharing in the success of a brilliant interception - of saving lives - above all of pitting one's brain against the enemy and winning."



David Phillips, now 78, is to travel to France to meet the prayer book's rightful owner

Old soldier gives back widow's family heirloom

LANCE-CORPORAL David Phillips spotted the glint of the gilt-edged prayer book as he sought sanctuary in a bombed-out French abbey during fierce shelling in the aftermath of the Normandy landings. Hoping it would bring him some much-needed luck, he dusted it off and tucked it into his pocket.

Now, after 54 years of safe-keeping, he has tracked down and reunited Henriette Huard, an 89-year-old widow, with the family heirloom she had long since given up hope of seeing again. Mr Phillips, 78, said yesterday: "I can clearly remember the day I found the prayer book. It looked so beautiful lying there amongst the rubble."

"I felt I couldn't leave it behind, despite the mayhem and gunfire all around, so I took it with me. It obviously brought me luck and after the war it took pride of place on my bookshelf. But I'm delighted that it is finally back in the hands of its rightful owners."

On June 26, 1944, Corporal



Phillips in 1944 he was a lance-corporal

Phillips and fellow members of the London Rifle Brigade stormed a hill at Cheux. Hundreds of British troops were killed. A local farmer, M Antoine, and his 12-year-old daughter, Odile, helped to bury them.

Three days later Corporal Phillips, then 24, was with the remaining 11th Armoured Division that stormed Carpique, near Caen. Desperate for cover, he dived into the re-

mains of the Abbey Ardenne, where he stumbled across the prayer book.

In the years after the war Mr Phillips, now a retired animal feed merchant of Sand, near Wedmore, Somerset, decided to return the book. He discovered that the guest of honour at a reunion of the London Rifle Brigade was to be Odile Antoine, now 65.

He passed the book to Odile, who tracked down Henriette Huard (nee André), whose initials HA were inscribed on the book in 1919. The book itself held a clue to the owner's identity - a communion card inserted in 1940 when it was passed down to her daughter Elizabeth.

Now Mr Phillips is to travel to France to meet the mother and daughter, of Gonville-sur-Mer, near Caboug. Odile, who handed over the prayer book, said: "The dear old lady immediately recognised the book she was given as a present at her confirmation in August 1919. You can imagine her astonishment."

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Thatcher backs Hague over ballot on Europe

Agreement was reached over dinner at Ritz, reports Philip Webster

BARONESS THATCHER yesterday threw her backing behind William Hague's decision to confront his pro-European critics by balloting the Conservative Party over the European single currency.

It emerged that Lady Thatcher was among the first to learn of Mr Hague's surprise plan to bring the issue to a head before next month's conference. The Tory leader told his predecessor about his intentions when he and his wife Fiona lined with Lady Thatcher and her husband Denis at the Ritz last Tuesday night. Tory sources disclosed yesterday.

The long-planned evening began with drinks at the Thatchers' home in Belgravia. They moved on to the Ritz for what sources called a long and enjoyable discussion on the political scene. In all the Hagues and Thatchers spent four hours together. Over claret and beef Wellington he outlined his idea to attain a settled policy on Europe, reached as he travelled in Colorado last month.

Mr Hague followed up the dinner with a call to Lady Thatcher on Sunday confirm-

ing that he would announce his ballot plan the next day.

Yesterday Lady Thatcher, who has made clear that her preference would be to rule out the single currency for all time rather than the two parliaments specified by Mr Hague, urged all party members to back him and "stand up for Britain".

As Mr Hague launched his campaign with a warning that defeat would mean the Conservatives could be out for a generation, Lady Thatcher said that his policy was backed by the majority of the public.

But she again made clear that she would go further. Lady Thatcher said it would "spell the end" of the Tory party if it did not pledge to keep the pound. She declared: "It is unthinkable that we should fight the next election without a clear policy on the European single currency. And it would spell the end of the Conservative Party if we did not pledge to retain the pound and so maintain control over our destiny as a nation state."

Mr Hague, speaking at Central Office last night, declared it would be "disastrous"

for both the party and Britain if the membership failed to endorse his policy of going into the next general election campaign opposed to monetary union. Backing the Shadow Cabinet's Eurosceptic policy would be a key to regaining power.

Tories from the Left of the party have reacted angrily to the ballot, which they see as a bid to sideline their views. But they have insisted they will carry on campaigning on the single currency, regardless of the outcome of the poll.

Ballot papers are to be sent out to the 300,000 Tory party members in two weeks in time for the result to be announced before the conference starts in Bournemouth on October 6. Mr Hague is expected to win a resounding victory in what will be seen as a call for a personal endorsement of his leadership.

Last night he warned party activists: "For the Conservative Party, the stakes could not be higher. If we lose this

ballot, we could be out of office for a generation. If we win this ballot, then we can look forward to a recovery of our political fortunes and victory at the next general election."

Mr Hague added that if he lost the ballot, "the whole debate about the single currency and the economic and political future of Britain would go by default. The majority view of the people of Britain would be unrepresented in Parliament."

"The Government would abolish the pound at the earliest opportunity and there would not be a single political party prepared to stop them."

Beginning a "Deciding to Win" tour of Britain in the run-up to the ballot, he told activists: "I will show why this policy is right for Britain and right for our party. I will win this ballot." Another aim of the ballot was to stop the infighting over Europe which had haunted the party for years.

Letters, page 23



David Blunkett, the Education Secretary, with his guide dog Lucy, visiting Colegrave primary school in East London yesterday, where he launched a renewed drive to raise standards in schools and highlighted action to lower class sizes

Brown drops TUC visit for Japan trip

By Philip Webster

GORDON BROWN yesterday announced that he was pulling out of next week's TUC conference to go to Japan for emergency talks on the Asian financial crisis.

The trip comes ahead of next month's International Monetary Fund and World Bank meetings in Washington. The UK also currently holds the rotating presidency of the Group of Seven leading industrial economies, and Mr Brown is meeting all G7 finance ministers beforehand.

Mr Brown said the new global economy meant that his "discussions with finance ministers over the coming weeks and our meetings together in Washington next month will be of particular importance".

Treasury sources said that Mr Brown had spoken to John Monks, the General Secretary of the TUC, who fully understood the importance of the visit to Japan.

Francis Maude, the Shadow Chancellor, claimed Mr Brown was running away from his critics at home.

Pro-Europeans keep powder dry

By James Landale, Political Correspondent

THE ballot effectively became a one-horse race yesterday after pro-European Tories decided not to campaign against the leadership.

They believe there is no point getting involved in a ballot which the party leader will win overwhelmingly because it will be more a loyalty test than an assessment of grassroots opinion. Many leading pro-Europeans — including Kenneth Clarke, the former Chancellor, and Lord Hurd of Westwell, the former Foreign Secretary — will not even vote.

The sole pro-European involvement will be a bland leaflet sent out with ballot papers. A similar leaflet putting the case for the Shadow Cabinet position will also be included. Neither leaflet will be signed or attributed, although the pro-European case is expected to be drafted by John Gummer, the former Cabinet minister and chairman of the Conservative Group for Europe.

The hub of the pro-European wing of the Tory party is an umbrella organisation called Conservative Mainstream. The board, chaired by Michael Heseltine, comprises the leaders of four pro-European and left-of-centre Tory ginger groups — Mr Clarke, Mr Gummer, Tony Baldry, Tory MP for Banbury, and Michael Welsh, the former Tory MEP. Lord Renton of Mount Harry, the former Chief Whip, is the treasurer.

Justin Powell-Tuck, the group's 27-year-old director, will play a key role in the battle to promote the pro-European position. The next stage will come later this month at a regional conference held in Manchester.

The Westminster wing is Parliamentary Mainstream. Led by Mr Baldry, its loose membership comprises only MPs and peers, including David Curry, Sir George Young, Stephen Dorrell, Sir Patrick Carmack, Tim Boswell and Edward Garnier. Its up-and-coming pro-European Tory MPs include Damian Green and Bob Walter.

Also under the Mainstream umbrella is the Tory Reform Group, which has Mr Clarke as president. The group's chairman is Damian Garrido, 30, a barrister and formidable campaigner.

Pro-European Tories in the grass roots are also represented by the Conservative Group for Europe, led by Mr Gummer, which is part of the party's formal structure. Although Mr Hague and other senior Shadow Cabinet figures are technically members, the CGE is a growing hotbed of pro-European campaigners. One key figure is Stephen Woodward, the group's 32-year-old vice-chairman. He is also director of the European Movement, Britain's leading cross-party pro-European pressure group.

The fourth group under Conservative Mainstream is the Action Centre for Europe, headed by Mr Welsh, which is the focus of Tory business leaders. Its chief role is holding conferences and publishing pamphlets.

Although not formally part of Mainstream, a fifth group called the Positive European Group will play a key role in co-ordinating pro-Europeans at Westminster. The group, known as PEG, is led by Sir Ray Whitney, MP for Wycombe, and is solely made up of Tory MPs and peers.

Dorrell launches One Nation drive

By James Landale

STEPHEN DORRELL will today launch his campaign to reshape "One Nation" Tory politics for the millennium with a call on William Hague to provide a fresh vision for the future.

The former Tory leadership contender will deliver a blunt rallying cry for the party to do more than just oppose Labour and instead put forward its own programme for the next century.

His speech to left-of-centre activists from the Tory Reform Group in London is the first in a series designed to set out a new approach for the party so it can provide a real alternative to Labour.

Mr Dorrell offers a thinly veiled attack on Baroness Thatcher's prediction that the Tories will not win the next election. "There is a lot of deterministic nonsense spoken about the result of the next election," he will say. "The result is wide open. The election will be won by the party which offers the most convincing vision of the future for Britain."

win if we simply wait for the wheel of fortune to turn or rely on a backlash against Labour created by disappointed expectations."

He will say that the Tories should not underestimate the extent to which voters are disenchanted with the party. "We have to show that we offer a clear vision for the future which they find attractive."

"If we can show that we understand the changes going on both within our own society and the wider world... William Hague can be Prime Minister after the next election."

"But if we rely on tired slogans and the party political dogfight, we shall lose not because the task is impossible but because we didn't deserve to win."

The speech, entitled *Reclaiming One Nation*, will be the first in Mr Dorrell's tour of the Tory "rubber chicken" circuit. Mr Dorrell stood down from the Shadow Cabinet earlier this year to use the freedom of the backbenches to develop his own brand of Conservative thinking.

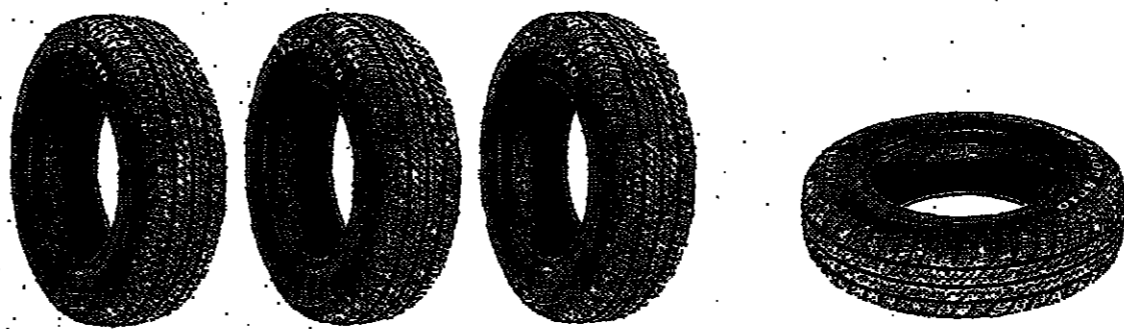
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BRITISH ASSOCIATION

Ageing and thinking Single-sex education Changing pronunciation

Boys held back by peer group pressure

BOYS might do better at school if they were taught in small groups, separately from girls, a researcher suggested yesterday.

Ann Phoenix, of Birkbeck College, London, said that schoolboys' views of what it meant to be a man were damaging their chances of academic achievement. Segregating boys in smaller groups might counter the peer-group pressure which was helping to make making boys lazy and troublesome in the classroom.

Dr Phoenix told the British Association's festival: "The story emerging is that to be properly masculine you have to be good at sport and not just any sport, particularly football. Also you have to be tough and confrontational. So being hard is really at the pinnacle of masculinity. And you have to be seen not to work."

This phenomenon had been noted among white, working-class boys 30 years ago, but now it pervaded all social and ethnic groups and included boys as young as 11. "What has changed is that more middle-class males subscribe to a culture where schoolwork is not to be done and it is antithetical to masculinity to be seen to be working hard."

Dr Phoenix's research involved interviewing boys aged between 11 and 14 attending state, private, co-educational and single-sex schools, individually and in groups. Those who worked hard were derided as "swots", although some did devise ways to work hard and remain popular. "They are the boys who can laugh at their own achievements and answer teachers back. Better still if they can do football and fight," she said.

Dr Phoenix noted that in the past it was decided to separate girls from boys for some subjects because it was thought that they were being disadvantaged. "We need to tackle emotional issues directly with boys in smaller groups and think about the strategies which have been developed for girls. It seems to me that we may have to consider small-group teaching that will allow them [boys] to express things they won't express in big groups."

Simple test may help spot decline in mental ability

Reports by Nigel Hawkes and Nick Nuttall

TESTING how well people can balance is a surprisingly effective measure of age-related mental decline, the British Association meeting in Cardiff was told yesterday.

Pai Rabbit of Manchester University, who is carrying out a long-term study of the effects of ageing in 6,500 elderly people in Newcastle and Manchester, said that the balance tests can predict 80 per cent of the age-related changes in people's thinking ability.

The effect was discovered by two German scientists at the Max Planck Institute in Berlin and has been confirmed by Professor Rabbit. He suspects that the effect may be linked to the cerebellum, part of the brain that is involved in thinking abilities and balance. If the cerebellum began to deteriorate, both balance and thinking ability would be affected, he said.

For the past week he has been carrying out a small study in a Cardiff shopping centre, testing people of all ages on a series of mental tests and measuring their muscle strength as well as balance.

The purpose was to check whether deteriorating balance in the elderly was the result of declining muscle power rather than anything more fundamental.

The results, with those from the Newcastle and Manchester study, show that performance on the mental tests actually declines relatively slowly with age. Only a quarter of the differences between the people he studied could be attributed to their age. But of this difference, the balance test proved an accurate predictor, even when differences in muscle strength had been taken into account.

Professor Rabbit used three balance tests: the best - the Tinetti Clinical Scale - can be carried out by a nurse. It involves asking people to do such things as getting up from a chair, raising their arms to pick something from a shelf, and standing on one leg. A nurse trained in the technique

scored the test simply by watching how well people can perform these actions.

"I do not want to imply that anybody who has trouble balancing is losing their mind," he said. "Many older people have arthritis, which makes balancing harder. But this test could be useful because it would give doctors clues to look a little closer at particular individuals and see if they can find a reason for the changes."

The Biotechnology and Biological Sciences Research Council yesterday announced a new research programme into ageing. It will spend £5.2 million on grants to 32 groups. Dr Alf Game of the research council, said it was clear that some age-related conditions such as Alzheimer's disease can potentially be prevented or treated.

While life expectancy had increased by up to 15 years since the 1930s, the years of healthy life had not increased as fast, leading to more years of disability. "To understand how more people can enjoy a healthy life for longer, we need to understand why ageing occurs," he said.



Perfect balance is a skill that deteriorates with age in line with thinking processes

Why proper English is no longer a shore thing

SHIFTS in pronunciations mean that hardly anybody is left who speaks "proper" English and people such as Tony Blair adjust their accent to suit their audience, a specialist in phonetics and linguistics told the meeting yesterday.

Professor John Wells of University College, London, noted that "Tuesday" has become "chooseday", "sure" now sounds identical to "shore", and it is no longer true that all educated people speak with Received Pronunciation, the traditional tones of the elite.

Estuary English, the speech of London and the South East, is gradually influencing RP, he said. Mr Blair "demonstrated that he could move downmarker" when he used Estuary tones in an interview with Des O'Connor on television, Professor Wells said. This was an

example of trying to fit in with people by adopting their accents.

He has identified three phases of change in RP over this century. In the early part of the century, he says, people made a series of vowel shifts. The vowel in words such as "cloth" and "cross" switched from that of "thought" to that of "lot", and people

stopped making a distinction between "law" and "floor". People also stopped using a tapped r-sound between vowels, as in "very sorry". He said: "Nowadays we listen with amazement to British films of the Thirties and Forties, made before these changes took place."

In the mid-20th century, words such as "sure", "poor", and "tour" started to sound identical to "shore", "pour", and "tour". People started to insert a t-sound into words such as "prints", making it sound like "trints", a ch-sound became respectable in words such as perpetual, and a j-sound in words like graduate. The glottal stop began to replace the t-

cooked yet?" The slips sound like real words, but aren't." Nor was Freud right to suspect that slips of the tongue reveal the hidden emotions of the speaker. "People who say 'I hate my wife' when they mean to say 'I love my wife' are not accidentally revealing their true feelings. It is normal to confuse closely-related concepts, confusing up with down, for example. It signifies nothing."

True slips of the tongue occur in all languages. Until recently it was assumed that they reflected an intrinsic feature of human speech, but Dr Garman has found that different languages have different types of slips - meaning they are language rather than speech-specific.

sound in phrases such as "quite nice, it seems". In the recent period, since the 1970s, the glottal stop is extending into ever more phonetic environments, such as "not only, but also", while the l in words such as "milk", "myself", and "middle", is turning into a w. Words such as "Tuesday" and "reduce" have acquired ch- and j-sounds, making them "chooseday" and "rejuice".

Professor Wells, who conducted a pronunciation survey some years ago showing age-related changes, now plans a new survey and is inviting people to give their preferences for about 100 words, such as a shopping mall, the plural of youth, and the month February. Volunteers should e-mail him at j.wells@ucl.ac.uk, or write to the Department of Phonetics and Linguistics at UCL, Gower Street, London WC1E 6BT.

IN BRIEF

Termite in need of a new image

The much-maligned termite is vital to the fertility of soil in tropical regions, a scientist claimed. Paul Eggleton, of the Natural History Museum, said that without termites the soil would be barren. Termites were the tropical regions' equivalent of the earthworm, digesting soil, recycling nutrients and aerating earth.

Dr Eggleton said that of the 2,600 species of termite only 200 could be considered wood-eating pests. The museum was working with poor farmers overseas to help to reform the termite's image so that more were conserved.

Princess's death focused emotions

The death of Diana, Princess of Wales, provided a focus for a deep-seated need in millions for intense emotional experiences, said Gregory Maio of Cardiff University. Although many who reacted strongly did so out of sincere mourning, many others took emotional gratification from it. "Emotions are intrinsically satisfying," Dr Maio said.

Ocean clue to first microbes

A new clue to the origins of life has been discovered 3,500 metres under water on the Mid-Atlantic Ridge. A "black smoker" - where hot brines gush up from the ocean floor - has been found to be a prolific source of hydrogen, the gas that must have fed the first primitive microbes, said Professor Joe Cann of Leeds University.

Lowest form of life is found

A British scientist has found the deepest form of life in sediments 842 metres below the Pacific seabed at Woodlark Basin near New Guinea. John Parkes of Bristol University has found 300,000 bacteria per millilitre of sediment and clues that they occupy underlying basalt. The finding adds to evidence that bacteria can live almost anywhere.

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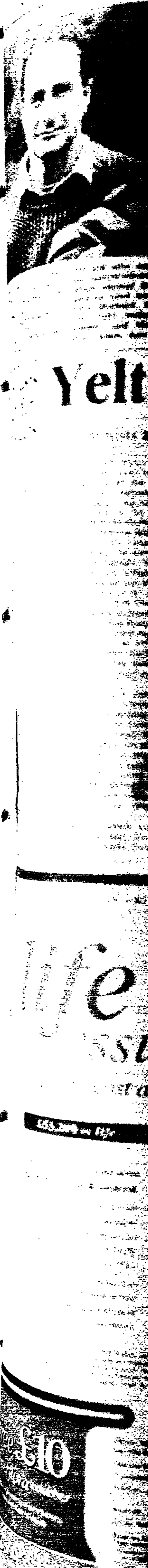
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سكزا من الأصيل

السؤال الأول



The British hostages, John James and Camilla Carr, were before their abduction in Chechnya more than a year ago and, right, their haggard appearance in a short video released yesterday. In the first photographic evidence to emerge that the couple

are still alive and well. Russia's parliament released the short clip, which showed the two hostages looking tired but otherwise unhurt (Richard Beeston writes). "We can't make it too much longer," said Mr James, 38. "I don't know how long I'll stay

Hostage video lifts hopes

sane." Miss Carr, 40, interjected with a smile, saying: "We will." Although the two hostages kept smiling during the film, the circumstances of their incarceration

etically at the camera and said: "This is the first time I've used my voice." The film was taken on August 24 and shown to the relatives of the two aid workers on Tuesday. The relatives said that they were encouraged by the video. "They seem positive and

that was tremendous for us," said Miss Carr's sister, Alexandra. The two aid workers, both trained psychologists, were working for the Centre for Peace and Development when suspected Chechen gunmen seized them from their offices in Grozny.

Brussels backs airlines in Milan protest

FROM CHARLES BREMMER IN BRUSSELS

THE European Commission set the stage yesterday for a showdown with Italy by declaring a new £700 million airport at Milan to be in breach of EU law and giving Rome one week to let foreign airlines stay in the old one.

The ultimatum, issued by Neil Kinnock, the Transport Commissioner, brought to a head a dispute over one of Europe's busiest airline hubs that pits the Government of Professor Romano Prodi against the Commission's determination to enforce fair competition on EU air routes. Rome has ordered foreign airlines to move next month to Malpensa, 35 miles from Milan, and allowed Alitalia to stay at Linate, the crowded old airport five miles from the city centre.

A defiant Signor Prodi yesterday denounced Brussels' action as "a typical case where Italian interests have been unjustly trampled under foot." Mr Kinnock said Brussels would not back down. "It is my duty to uphold European law and, in this case, to protect the competitive interests of European air carriers and their passengers," he said.

The Commission backed a complaint from nine airlines, including British Airways and Air France, over an Italian decree that ordered foreign carriers to shift their operations while Alitalia will be allowed to stay. Road access to Malpensa is deemed inadequate and no fast train service will run for at least two years. This, the Commission agreed, gives Alitalia an unfair advantage.

Mr Kinnock said the Commission had allowed an extra week before outlawing the Malpensa plan because Rome had shown a last-minute willingness to negotiate.

Mir is oasis of calm for cosmonauts

By ROBIN LODGE

IT MAY have taken a catastrophic economic and political crisis across the country to achieve it, but in one tiny outlying part of Russian territory, life is looking pretty good by comparison.

While Russians struggle with rising prices, shortages, depleted savings and an absence of political leadership, the two cosmonauts aboard the orbiting space station Mir, 250 miles above the Earth, have been enjoying a period of calm and order — after a succession of system failures and accidents last year.

Viktor Blagov, head of the Mir mission at the Flight Control Centre west of Moscow, was clearly enjoying the diversion from the criticism that has dogged his accident-prone project for the past 18 months. He told Tass news agency: "The complex has turned into an island of stability. The economic crisis has in no way affected the life of the cosmonauts."

Unlike many of their compatriots, the cosmonauts had everything necessary for life and work. Mr Blagov said, and their pay, which is calculated in dollars, will be issued at the current rouble rate when they get home.

Yeltsin foes vie for leading role

Communists and nationalists offer variations on an authoritarian theme, writes Richard Beeston from Moscow

AS PRESIDENT YELTSIN dithered yesterday over naming a candidate to run his Government, his nationalist and communist opponents made open bids to fill the power vacuum at the Kremlin. Offering different variations of authoritarian rule, General Aleksandr Lebed, the former paratroop commander, said that if the country collapsed into chaos he would step in to restore order. Not to be outdone, the Communist Party, fresh from its parliamentary victory over the ailing Russian leader, issued a Marxist manifesto vowing to undo seven years of free market reforms and turn the nation back to a Soviet-style economy.

Speaking during a flying visit to Moscow, General Lebed, who has the backing of Boris Berezovsky, the powerful tycoon, said he hoped Mr Yeltsin would stand down and open the way for fresh presidential elections. "The paralysis of power in the country is obvious," he said, adding that he would "take responsibility for Russia" if the crisis worsened. His alarmist rhetoric was matched by Gemdat Zyuganov, the Communist Party

leader, who described Russia's current political deadlock and economic crisis as "the most dangerous situation we have had since the Second World War". He said: "I do not want an uprising. But if there are organised protests we will lead them."

The flashpoint could come as early as October 7, when millions of workers are expected to take part in nationwide protest strikes. Although the rouble strengthened slightly, trading at 16 to the dollar, there is no plausible way out of the crisis before a stable and credible government is in place. The Communists made it clear yesterday that if their candidates are represented in the next government, they will work to renationalise strategic



Zyuganov: prepared to lead organised protests

industries, impose a monopoly on exports of raw materials, guarantee full employment and grant "most unfavoured status" to the speculative sec-

tor. A few weeks ago, the policy statement would have been dismissed as the rantings of a political dinosaur, but today the Communist Party is in a strong position to dictate the make-up of the next government, including who will be Prime Minister.

On Monday the Communist-led opposition in the Duma, the lower house of parliament, threw out Viktor Chernomyrdin's nomination for Prime Minister and put forward a list of their own candidates, most of them senior Soviet-era officials and serving members of the Communist Party. Mr Yeltsin, who is clearly fearful about putting Mr Chernomyrdin's candidacy in for a third and final vote, is still undecided. If his candi-

date was rejected he would be forced by the constitution to dismiss parliament. However, the Duma has already made it clear that it will not allow itself to be dissolved and instead will initiate impeachment proceedings against the head of state. That could lead to a repeat of the stand-off in October 1993, when Mr Yeltsin ordered tanks to attack the parliament.

As the political deadlock in Moscow continued, there were fresh fears that distant regions of the vast country were taking matters into their own hands in the absence of any central government control. Yesterday, Aman Tuleyev, the Governor of the Kemerovo region, in western Siberia, told locals that they could not expect any guidance or support from

central authority and imposed unilateral measures to control prices against hyperinflation. His coal-rich province became the 11th region in the Russian Federation to seize the initiative in the absence of federal authority. "If the situation with the federal Government is stalled and the federal authorities do not change their attitude towards the regions, the threat of a split in the federation will become more real by the day," said Mr Tuleyev.

Bank exposure, page 27
Commentary, page 29
Counting the cost, page 31

Suicides reveal depth of economic woe

WHILE the world marvels at Russian stoicism in facing a catastrophic financial crisis which has wiped out savings for the second time in six years, not everyone is prepared to soldier on (Robin Lodge writes). This week the first reports of crisis-related suicides appeared. Interfax news agency reported the case of Valeri Petrov, a 50-year-old worker at a

computer company in Kazan, who hanged himself in his workshop after receiving only a small part of the wages owed to him by the company. *Moskovsky Komsomolets* reported the case of Aleksei Kozlov, a 25-year-old driving instructor who gassed himself in his car after finding that his savings were so depleted that he could not afford his

fancée's wedding dress. An 87-year-old pensioner hanged herself when she could not pay off her debts and left a note asking her creditors to forgive her. Russia's underfunded military will soon resort to baking its own bread to feed soldiers, only now receiving wages for June. There were reports in summer that they were eating canned dog food.

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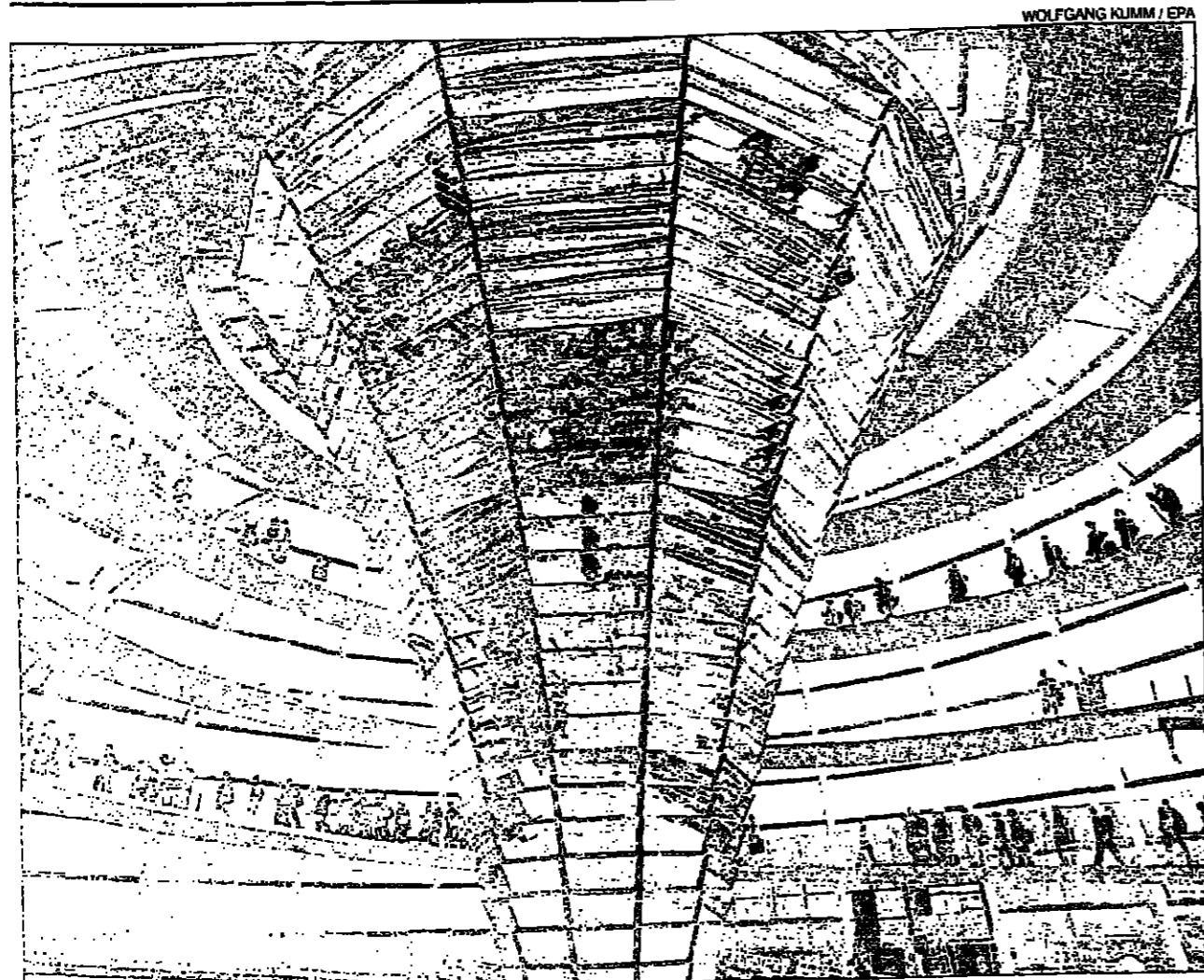
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German politicians and journalists marvel at the glass cupola, designed by British architect Norman Foster, in the Reichstag building, the new parliament, in Berlin. The futuristic centrepiece is 75ft high and 131ft wide

Kohl's man confronts handicap to power

Wolfgang Schäuble, in an interview with Roger Boyes in Bonn, unveils his future plans if Helmut Kohl refuses to head a grand coalition and retires

Wolfgang Schäuble, the designated crown prince of Helmut Kohl, yesterday swore an extravagant oath of allegiance to the German leader in an attempt to squash speculation that the Chancellor was planning to hand over power soon after the election.

The Chancellor, said Herr Schäuble, was the outstanding leader of his time and there was no need to discuss the succession. "To get the euro through four months before a general election was an incredible achievement," Herr Schäuble said, and a clear sign of Herr Kohl's continuing skill as a leader.

After years of popular opposition to the scrapping of the mark, opinion polls now showed a significant majority in favour of the euro. "People do not much like it but have come to see it as a correct decision. That is the essence of

GERMAN ELECTIONS



political leadership — not to stick one's finger up and see which way the wind is blowing like [Gerhard] Schröder — but rather to make difficult decisions and convince the people it was the right move."

the same qualities in modernising Germany. Herr Schäuble, who is parliamentarily leader of the Christian Democrats, said:

Yet there is suspicion in Bonn that Herr Kohl is not forever. If he wins — still not impossible despite lagging behind Social Democratic rival, Herr Schröder, in the polls — he could choose to hand over to Herr Schäuble in mid-term, perhaps at the end of the German presidency of the European Union next summer, perhaps in 2000 with the political capital having been firmly established in Berlin.

If the Christian Democrats are only narrowly ahead and their Free Democrat partners buckle, then there could be a grand coalition with the Social Democrats. Herr Kohl would rather retire than run such a government. In a month, Germany could be led by a Herr Schäuble.

This prompts very personal questions about Herr Schäuble. Since October 12, 1990, when a psychopath shot him, Herr Schäuble has been paralysed from the chest down. He is confined to a wheelchair. Can Germany be ruled from a wheelchair? Herr Schäuble knows he can do it. "I've been holding down one of the toughest jobs in politics, 16 hours a day, and I know it is physically possible," he said on an earlier occasion.

Now he is more cautious, for he does not know the answer to the second question: will Germans accept, would they vote for, a handicapped leader?

The uncertainty about this ruled out a pre-election handover of power — favoured by some younger Christian Democrat deputies who saw that Herr Kohl might be an electoral liability — and even a double ticket. Herr Kohl's face, eternally cheerful and statesmanlike, fills every election poster: Herr Schäuble is nowhere to be seen.

Soon after the shooting, Herr Kohl visited his friend in hospital and gave him a biography of Franklin Roosevelt, a sign that an active high-flying political career was still possible. Even with a physical handicap, Roosevelt had a slightly easier time of it. He could move on crutches. Herr Schäuble cannot. Television cameras did not expose Roosevelt's physical weakness, nor was he obliged to perform the endless international summitry that is now common.

The Foreign Ministry recently conducted a feasibility study and decided that a handicapped Chancellor would be presented only with technical problems which could be solved with imagination. The wheelchair could be given a more narrow access to allow Herr Schäuble free passage in the government air-

bus, conference tables could be made more accessible and the schedules of international meetings adapted to allow for the message of stiffened limbs.

Herr Schäuble himself has no doubts and while he now performs an elaborate ritual of loyalty to the Chancellor it is enough to read carefully his utterances over the past 18 months to see where his ambitions lie.

The broadest hint came last autumn when he said in characteristic blunt fashion: "Can a cripple become Chancellor? I probably would not be able to resist the temptation." Last month he suggested that the actual length of Herr Kohl's future tenure was open. The Chancellor, irritated, replied that he was standing for a full four-year term — full stop, finish.

But there is pressure within the party for the Chancellor to go and make space for Herr Schäuble soon after he wins (or loses) the election. Herr Schäuble, as he made plain in the interview yesterday, is geared up to lead a strong reformist government.

The Kohl Government, he claims, is still on course for victory. "People have started to ask themselves about the Social Democrats: where is the substance? Their media show is good, thanks to advisers from Britain and the United States but in contrast to the Blair and Clinton campaigns there is no content."

A Social Democratic-Green government in the lower house of parliament, a Social Democrat-dominated upper house would shift Germany to the left and make it a source of instability, he said. "And now you'll have to excuse me — I've got to go and fight the Socialists to bear out some of my optimism." Herr Schäuble rolled out of the room, back onto the election trail.



The wheelchair-bound Wolfgang Schäuble with the Chancellor

Wily Gaul wins epic battle with Asterix publisher

FROM BEN MACINTYRE IN PARIS

THE creator of Asterix emerged victorious yesterday from a marathon legal battle with his former publisher worthy of the celebrated cartoon Gaul.

Albert Uderzo, the surviving half of the duo behind the series, filed a lawsuit eight years ago demanding that his publisher, Dargaud, surrender foreign rights to the first 25 Asterix books. M Uderzo said the publishers had deprived the authors of rights to the early books.

Asterix has sold more than 270 million books in 41 languages, including Estonian, Greek and Indonesian, and the legal dispute over publishing rights has proved far more tortuous and ill-tempered than any of Asterix's fights. In the latest instalment of the unhappy saga, the Paris court of appeal ruled in favour of M Uderzo and ordered Dargaud to surrender all rights to the books and pay Fr 5.5 million (£550,000) in damages.

Quite apart from the fine, Dargaud, France's largest cartoon publisher, may be pushed into liquidation by the loss of the lucrative rights to Asterix.

René Goscinny, M Uderzo's co-creator and the original author of the

Asterix plots and text, died in 1977. His daughter, Anne Goscinny, sided with the publishers after initially taking M Uderzo's side against them. Under the ruling she will not receive a share of the damages.

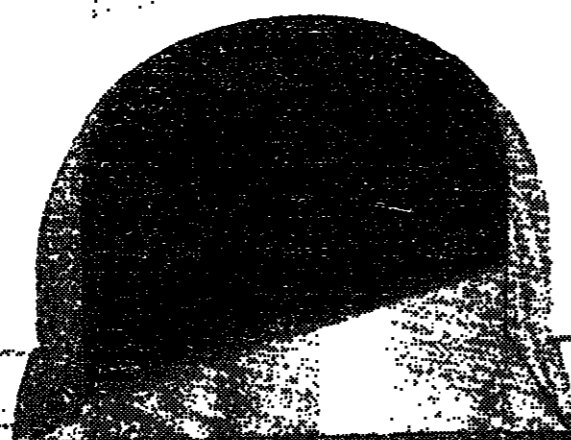
Claude de Saint-Vincent, head of Dargaud, said it would appeal. "This is a hard blow for Dargaud, the loss of a bestseller, and I think in the medium-term it's a blow for French publishing if an author is allowed to escape from a very old contract for no good reason."

The cartoon publishing company may survive if the verdict is upheld, but barely, M de Saint-Vincent said. "We will lose 35 per cent of our turnover. We will try to pull through with a reduced structure" he said.

The long-running dispute almost killed off Asterix, for when a lower court ruled against him in 1994, a furious M Uderzo announced he would never draw another story, before later relenting.

The Asterix books, films and theme park outside Paris have made M Uderzo one of the richest men in France, and he guards his creation as carefully as Getalix protects the recipe for his magic potion.

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Outposts of Empire regain citizenship

By MICHAEL BINYON, DIPLOMATIC EDITOR

THE Government is to restore full British citizenship to all its remaining colonies, ending a 17-year limbo status that has caused hardship, anger and resentment to thousands of people in the last outposts of the Empire.

An announcement is expected with the next two weeks that full British passports will be granted to about 100,000 people living in 11 dependent territories across the globe. Those living in Gibraltar and the Falkland Islands, the other two of Britain's 13 overseas possessions, are already full citizens.

They will all now be able to live and work freely in Britain, travel to the European Union without visas and enjoy full Westminster voting rights if they reside in Britain, though not in their own islands. Britons will not have the reciprocal right to move to the overseas territories, which fear being swamped.

The move comes after a promise in February by Robin Cook, the Foreign Secretary, to restore full citizenship as part of a new deal for the scattered territories. In turn they will be required to clamp down on money-laundering and drug smuggling, abolish birching and capital punish-

ment and change certain human rights legislation.

The proposal ran into opposition at the Home Office. Before the handover of Hong Kong, officials opposed any change that might allow more than three million Chinese into Britain. But since 1997 they still fear that any restored right to live and work in Britain could dent Labour's stance on maintaining a tight immigration policy. The Home Office also wanted Britons to be able to move freely to any of the 13 territories.

Other government departments, worried about social security costs and effects on employment, also began haggling over the conditions. But Labour insisted that this was a moral issue, restoring rights that were arbitrarily removed in 1981 by the Conservatives' British Nationality Act.

The Bill will be welcomed by the 100,000 people scattered between Bermuda and Pitcairn Islands eligible for passports. Some, especially in the Cayman Islands and Bermuda, enjoy a high standard of living, thanks to the huge offshore banking sector; others are remote, poor and desperately in need of jobs.

St Helena, isolated in the South Atlantic, has high un-

employment and depends on a yearly £3.2 million subsidy from Britain. Granted perpetual citizenship by Charles II in 1673, it has been pushing hardest to get back the right to seek work in Britain. Without this, the 6,000 islanders feel imprisoned in an "Atlantic Alcatraz". Mr Cook insisted that no exception could be made for St Helena: either all the former colonies were included or none. The Government does not expect any large influx to Britain.

Issuing British passports may take a while. The Bill will have to fight for parliamentary time. But most territories have champions in the Commons and the Lords. Montserrat has won strong support after the volcanic disaster. For three territories, the issue is irrelevant: British Antarctic Territory, South Georgia and British Indian Ocean Territory are uninhabited except for research scientists and a few military personnel. Pitcairn, settled by the Bounty mutineers, now has only 58 inhabitants, and is hardly viable.

Britain held consultations with the dependent territories with the dependent territories now officially renamed United Kingdom Overseas Territories — before the summit meeting of their chief ministers in London in February. Bermuda, with almost 60,000 people, is the oldest and most populous of Britain's remaining territories, having been first colonised in 1609. It recently voted against independence.

All the territories have limited self-government, usually with an elected chief minister and a council. But the British Governor remains the supreme power.

Bermuda and several Caribbean territories have denounced what they see as Britain's attempt to threaten their tax haven status, and oppose any change in their laws allowing hanging and criminalising homosexuality. Mr Cook made clear that this is not open for discussion.



Lorries stranded on the flooded Dhaka-Chittagong highway where some have been stuck for a fortnight. The country has had two months of non-stop rain

Bangladesh battles to save capital from flood surge

By CHRISTOPHER THOMAS, SOUTH ASIA CORRESPONDENT

THOUSANDS of Bangladeshi troops and civilians battled yesterday to save Dhaka, the capital, from being submerged by floodwaters after two months of unremitting rain — the longest natural disaster in a country ceaselessly battered by calamities.

Two-thirds of the nation is under water and much of Dhaka has already disappeared beneath floods, forcing residents in large tracts of the city to move to rooftops or seek higher land.

The city was placed on full alert yesterday as a new surge of floodwaters threatened to break through a vital, ten-mile-long embankment protecting more than one million

of the city's nine million residents. The fight to reinforce the embankment, which is leaking at several points, went on through the night as torrential rain fell. There is no prospect of an early respite: weather forecasts indicate that the monsoon will not subside until next month. Much of northern India, too, is under water, devastating the livelihoods of millions of people dependent on monsoon crops.

Bangladesh, more a river delta than a country, floods every year, bringing nutrients down from the Himalayas and enriching the soil — a boon that turns to calamity because of deforestation in the mountains, leading to

silting of rivers and uncontrolled deluges. About 800 people have died in this year's floods, a modest toll compared to some of the disasters of recent years, especially in the hurricane season.

Millions are homeless and many streets in Dhaka now resemble rivers, with boats punting quietly down them in place of the usual rickshaw cycle rickshaws. "We are facing great devastation. Let us all fight this calamity unitedly," Sheikh Hasina, the Prime Minister, told parliament before it was suspended so that MPs could return to their constituencies. The Government has appealed for more than £500 million in international aid.

WORLD IN BRIEF

Shelling in Kosovo traps 25,000 refugees

Geneva: About 25,000 people, mostly women and children, were trapped by shelling on the roads of western Kosovo yesterday, the office of the UN High Commissioner for Refugees said. An eight-mile column of people fleeing from villages in cars and farm vehicles was stuck between Krusevac and Isniq south of Pec, the UN said.

"They are panic-stricken," Paul Stromberg, a UN spokesman said. "They cannot move towards Pec. They can hear artillery shelling. They can see smoke rising from the villages and they are trapped between the mountains to the west and troop movements to the east." A massacre was feared if a shell fell among the densely packed vehicles. Albanian sources said Serb forces had attacked some 40 villages in western Kosovo, driving tens of thousands of ethnic Albanian residents from their homes. (AFP)

New Burma sanctions call

London: Britain is to lobby its European Union partners to adopt a range of new sanctions against Burma in protest at the latest detention of opposition figures, including MPs-elect (Michael Binyon writes). The military authorities detained a further 108 people yesterday, bringing the number held since the weekend to more than 300. Britain wants more junta names added to a common EU visa blacklist, more done to discourage trade and investment, and EU tour operators urged to stop tourist visits to Burma.

Terror extradition sought

Paris: Germany and Austria will both seek the extradition from France of Hans Joachim Klein, the accused terrorist and former accomplice of Carlos the Jackal (Ben Macintyre writes). Klein was arrested in a tiny village in northern France on Tuesday after 20 years on the run. A 51-year-old German national, he was detained in Sainte-Honorine-La-Guilleaume, in Normandy, where he had been living under a false name for at least five years.

Shia to die for blasphemy

Multan: A Pakistani court has sentenced a Shia Muslim to death on a charge of blaspheming the Prophet Muhammad. Ghulam Akbar, 25, who allegedly made derogatory remarks against the Prophet when having tea in a restaurant, is the first Muslim to be sentenced to death under the blasphemy law. Several non-Muslims have been sentenced to death, but have appealed to higher courts. (AFP)

Zimbabwe seeks £720m

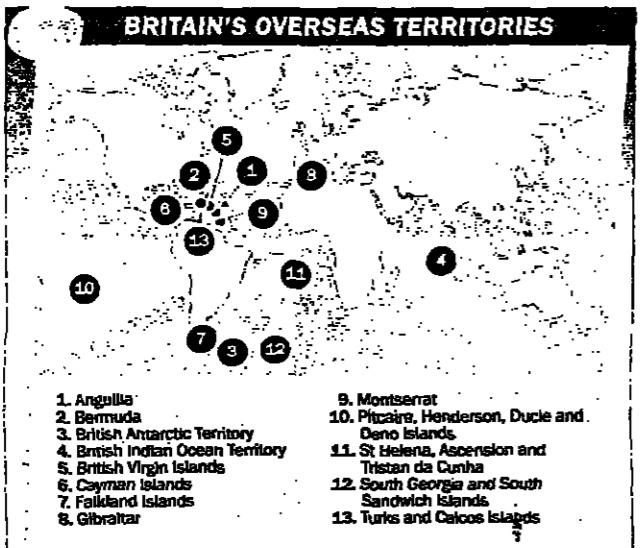
Harare: The Zimbabwean Government launched an international appeal for £720 million from Western donors to help to resettle blacks on white-owned farms, but it was instantly dismissed by the EU as too ambitious (Jan Ruath writes). President Mugabe said that delays in relieving pressure on overcrowded tribal areas would lead to anarchy.

Nazi gold archives plea

Paris: A US State Department official has called on Russia and the Vatican to open their Nazi gold archives (Michael Binyon writes). Stuart Eizenstat's call came after a ceremony dissolving the Tripartite Gold Commission, set up by Britain, France and America 50 years ago.

Joyrider's military lift-off

Oslo: A civilian stole a 40ft caterpillar-tracked armoured rocket launcher from a Norwegian military base and went for a night-time joyride around a local town before being arrested. The launcher, the type first used by British and US forces in the 1991 Gulf War, was not armed. (Reuters, AFP)



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Baghdad 'possesses three nuclear bombs'

Former UN inspector claims that despite the information, no order has been given for a surprise inspection, reports Christopher Walker in Jerusalem

IRAQ is hiding three technologically complete nuclear bombs and is lacking only fissionable materials to make them operational. This is the view of Scott Ritter, the United Nations arms inspector who resigned on August 26. Mr Ritter made his claim at a recent meeting of the Washington Institute for Near East Policy. It was published for the first time yesterday by Zeev Schiff, military editor of Haaretz, the Tel Aviv daily. The disclosure, and others about biological and chemical weapons held by Baghdad, came as another showdown between Iraq and the UN looms. Prakash Shah, the UN special envoy to Iraq, returns there today after telling the Security Council of his failure to persuade President Saddam Hussein to resume co-operation with arms inspectors. Iraq has refused since August 5 to work with the UN Special Commission (Unscorm) set up to ensure that it dismantles any weapons of mass destruction in its possession. Baghdad has demanded that the UN body be re-

structured, its alleged US influence reduced, and its headquarters moved from New York to Europe. According to Mr Schiff's report on the claims by Mr Ritter, the longest-serving American weapons inspector, Unscorm knows where the three nearly complete nuclear bombs are hidden. The UN team is also said by Mr Ritter to have information on the method used to conceal the bombs, the units and officers responsible for guarding them, and the types of vehicle employed to transport them in the game of cat and mouse between Saddam and the UN experts. Mr Ritter claimed that, despite the information available, no order was given to the team to conduct a surprise inspection of the site. He claimed that the Security Council and the Clinton Administration had blocked the work of the inspectors just as they were "on the doorstep" of uncovering Iraq's hidden non-conventional weapons of mass destruction. His revelation about the

existence of the three bombs has again heightened tensions in the Middle East and raised the stakes in any new confrontation between Iraq and the West. Israel has long believed that it would be the first target of any Iraqi nuclear strike. Yesterday Babel, the Baghdad paper owned by Uday, Saddam's eldest son, issued a warning that, if the resolution were to be adopted, Iraq would boycott the Security Council. Mr Schiff, reporting Mr Ritter's disclosures, said: "Unscorm inspectors also came up with evidence suggesting that Iraq carried out biological weapons tests on human beings in 1995." No details are available about this allegation. It is not known, for instance, if prisoners of war were involved in the test. "Ritter also discovered that Iraq had deliberately reported an exaggerated number of chemical bombs that it had used in the [1991 Gulf] War. The reason: so that Baghdad could hide thousands of such bombs and seven tons of chemical components."

Iraq claimed on Tuesday that a new report by Richard Butler, the chief UN weapons inspector, that his arms experts had been barred from three sites was politically motivated and a lie aimed at discrediting Baghdad. The inspectors have to be satisfied that they have accounted for Iraq's weapons of mass destruction before sanctions imposed in August 1990, when Iraqi troops invaded Kuwait, can be lifted. Haaretz quoted Mr Ritter as revealing that proof also exists that Iraq has been manufacturing chemical weapons outside its borders since the Gulf War. He said that Unscorm wanted to pursue this lead in Sudan, but its mandate limited its activities to Iraq. The paper added: "Unscorm inspectors believe that Iraq has between five and 12 Al Hussein ballistic missiles. The Iraqis dismantled some of these missiles in 1997 and scattered the parts so that they can be quickly reassembled. Baghdad also has parts for another 25 similar missiles."



Scott Ritter, the chief UN weapons inspector in Iraq who resigned at the end of last month, claims the location and method of hiding and transporting the near-complete nuclear weapons are known to the inspection team

Britain and US flounder over policy on Iraq

FROM JAMES BONE IN NEW YORK

BRITAIN and the United States are struggling over an effective strategy to restore Iraq co-operation with United Nations weapons inspectors, amid the claims that Baghdad is hiding components for three nuclear weapons. British and American diplomats were pushing the UN Security Council last night to suspend its periodic 60-day reviews of sanctions on Iraq to punish Baghdad for suspending co-operation with UN inspectors on August 5. The resolution would guarantee that Iraq had no prospect of any relaxation of the sanctions imposed after its 1990 invasion of Kuwait until it allowed the inspectors to resume their work. But the two Western powers were forced by Baghdad's friends on the 15-nation council to promise in return a "comprehensive review" of Iraq's relations with the UN that could lead to new concessions once Iraq is back in compliance with UN demands. Seared by Scott Ritter's allegations that she has blocked UN inspections since last November to avert confrontation with Iraq, Madeleine Albright, the US Secretary of State, yesterday hit back at the growing criticism of her policy. In a speech to war veterans

in New Orleans, she again signalled that the United States was ready with a military response if President Saddam Hussein of Iraq threatened his neighbours. But she left unanswered the question of whether Washington was ready to use force to compel compliance with UN inspections. "We have not taken any option off the table, including military force," she said. "The bottom line is that if Iraq tries to break out of its strategic box, our response will be strong and swift." She called her critics "sincerely wrong". Like Mrs Albright, Richard Butler, the chief UN weapons inspector, has also gone on a public relations offensive to cast doubt over some of the allegations by Mr Ritter, the former senior investigator he has hitherto only praised. Iraq and its friends, particularly Russia, have been pushing hard for the Security Council to switch the UN's work from the investigation of "disarmament" phase, that requires surprise inspections, to more passive long-term monitoring. Britain seems willing to entertain this possibility, providing Iraq resumes co-operation with UN inspectors and bans nuclear weapons research.

Glamour gambles with Islamic wrath

BY CHRISTOPHER WALKER

SUPERMODEL Claudia Schiffer faces her toughest assignment next Tuesday when, in the face of fierce opposition from Islamic extremists, she is due to open the first casino on land that is controlled by Yassir Arafat's Palestinian Authority. As the Palestinian daily al-Ayyam publicised her acceptance of an invitation from the operating company Casinos Austria, Sheikh Harb Jaber, Jericho's leading Islamic preacher, vowed to do all in his power to prevent the huge \$92 million Oasis Casino complex opening. The bearded, blind cleric, whose first name means war in Arabic, said he would call on Muslims "to strike, to demonstrate, to do everything they can" to stop the joint venture. "I will call on them at midday prayers this Friday to stop this place, which is against the words of the Koran, which will be permitting the work of the



Schiffer opening casino in Jericho

Devil," said the sheikh. "I am aware of this foreign woman who is coming to open this casino. She is haram [forbidden by Islam]," he said. Ms Schiffer will have special protection at the opening, where she will roll a golden ball to start gambling at the 35 gaming tables and 220 slot machines.

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Being able to transfer money instantly will also be useful when you've got your Barclaycard bill to pay. Post a cheque or use the giro system

like you usually do and you could end up missing the deadline.

(Not to mention incurring interest charges.)

Use our instant transfer service and the money's there straightaway.

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Should you wish to pay a bill or after a standing order at 9.53pm tomorrow evening, you can.

Standard banking hours, we realise, don't always suit everyone.

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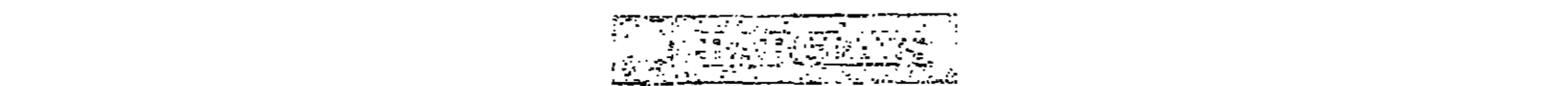
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RICHARD BRANSON: THE AUTOBIOGRAPHY

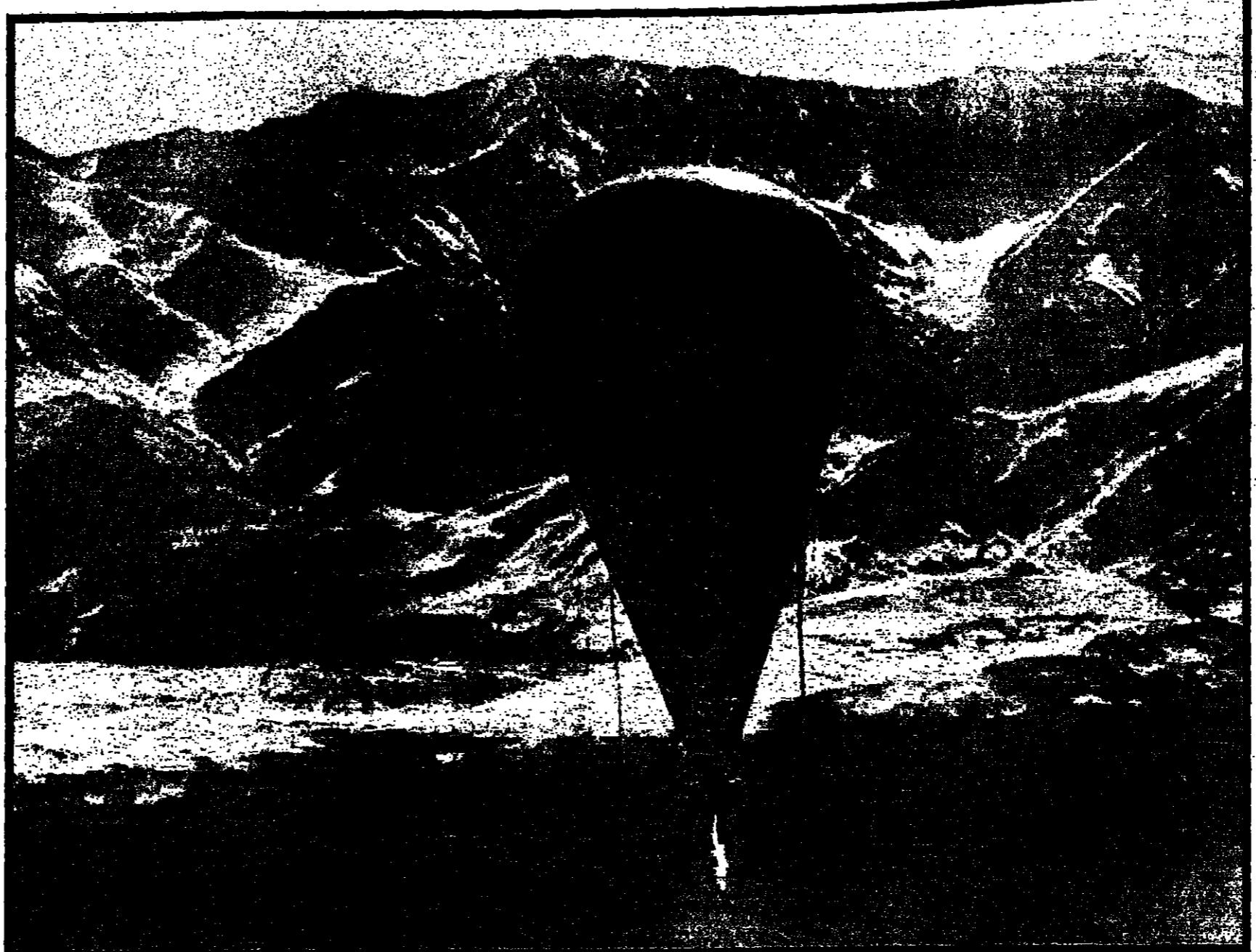
What I did next would mean death or survival



In the fourth extract from his autobiography **Richard Branson** recalls his brush with death in the biggest balloon ever built and the telephone call that began his record-breaking partnership with Per Lindstrand

As we came out of the fog [in July 1987], I saw the foaming sea rising up to meet us. We were going far too fast. It was like trying to stop a Sherman tank without brakes. We hit the sea, and I went crashing into Per [Lindstrand]. The balloon dragged us across the surface of the ocean, bouncing us from wave to wave. "The bolts!" Per shouted. He hauled himself up. I tried to push him to his feet, but the capsule was smashing up and down. I watched his hand stretch out, grasp the lever and pull it down. This was supposed to fire the explosive bolts, severing the cables connecting the capsule to the balloon. In theory the balloon would sail off, leaving the capsule floating. But nothing happened. "Christ!" Per yelled. "The bolts are dead."

heaved himself through the hatch. "Where's your lifejacket?" I shouted. The roar of the sea blew my words back into my face. The balloon was lurching, one side ploughing through the sea. Behind us we left a foaming white wake. Then a gust of wind caught us, lifting the balloon off the surface. Per threw himself into the water. The drop seemed at least 100ft. I was sure he'd killed himself. I hesitated, then realised that I was too late. Without Per's weight the balloon soared up. I almost fell over the edge of the capsule as it swung underneath the balloon. I grabbed the railing and saw the sea fall away beneath me. I was rising rapidly and couldn't see Per. I soared into thick cloud and lost sight of everything. I was by myself, flying in the biggest balloon ever built and heading towards Scotland. The wind was freezing; the sea below me was icy; and I was in thick fog. I had only the tiny emergency fuel tank left. I climbed back into the capsule and ran through the options: I could parachute into the sea, where nobody would be likely to find me, or I could sail up into the



Up, up and away — but not for long. Richard Branson's ill-fated Challenger balloon passes over the Atlas mountains. It later came down in the Sahara desert

darkening sky and try a night landing. The radio was still dead. I decided to take the balloon up high enough so I could parachute off the capsule. I blasted the burners, then found my notebook and scrawled "Joan, Holly, Sam, I love you". I waited until the altimeter showed 8,000ft, then climbed outside. I looked down. If I managed to open my parachute, I would still end up in the sea. There had to be a better way. I looked up at the vast balloon above me and realised I was standing beneath the world's largest parachute. If I could bring the balloon down, perhaps I could jump off into the sea just before we crashed. I had enough fuel for another 30 minutes. As I came out through the bottom of the clouds, I saw the sea racing up to hit me. I waited until I was just above it before pulling my lifejacket ripcord and hurling myself away from the capsule. IT HAD ALL dated from a phone call in the mid-Eighties. "It's Per Lindstrand," said Penni Pike, my assistant. "He has an incredible proposal."

I heard a stilted, Swedish voice. "I plan to build the world's largest hot-air balloon and fly it in the jet stream at 30,000ft." I knew he was an expert at ballooning and held several records. He told me that nobody had flown a hot-air balloon farther than 600 miles, or been able to keep one in the air for longer than 27 hours. He wanted to create a balloon that would fly more than 3,000 miles. EVER SINCE we had abandoned our attempt the previous December, Per had been building the new envelope for the balloon that would attempt to take us across the Pacific Ocean. By early December 1991 it had been shipped to Miyakonojo to join the capsule and await a good jet stream. By January 14, it looked as if the flight might be possible. We started firing the burners. The pressure to lift grew stronger. Per fired the bolts that released the steel hawsers and we rocketed upwards. For the first few minutes we marvelled at our silent speed. We had six tanks of propane bolted to the capsule. The idea was that we would change the fuel tank when one was empty, jettison the dead weight and so fly faster. We decided to go down out of the jet stream as we dropped the tank in case anything went wrong. We had a video camera under the capsule pointing downwards: in effect, an extra window. Although we were 25,000ft above the sea, we could see the white tops and deep shadows of the troughs. I looked at the video monitor as Per pressed the button to release the empty tank. Suddenly the capsule lurched. "What's happened?" I cried. "No bloody idea."

I crawled back up to my seat. We were at an angle of about 25 degrees above the horizontal. Per checked the controls. I reran the video and watched what had happened when the fuel tank fell away. To my horror, I saw three tanks falling down to the sea rather than one. "Per, look at this." "Bloody hell!" he said. We had jettisoned one empty tank and two full ones. We had flown only around 1,000 miles and now had three tanks of propane rather than five to fly us across the most dangerous part of the Pacific. If we were to reach land before the fuel ran out, we had to fly at an average speed of 170mph, twice as fast as any hot-air balloon had ever flown. I asked over the radio about the conditions below. Mike Kendrick, the project manager, sounded agitated. "A cargo ship in the area says there's a strong wind and high seas. 'Atrocious' was the word used." Per leant over and asked Mike: "What do you mean by 'atrocious'?" "Over."

pick you up. There are waves more than 50ft high. Over." Suddenly the radio cut out. For the next six hours we had no contact with the outside world. The sky was pitch-black. I concentrated on the instruments. With just three tanks off the American coast and have to ditch in the sea. It could well be night-time. The only chance of our living was for me to fly the balloon in the core of the jet stream. I do not believe in God but, as I sat there in the damaged capsule watching the instruments, I could not believe my eyes; it became clear that we were flying close to the necessary 170mph. Before we had dropped the fuel tanks we had been radio contact with the local ground control, Watson Lake Flight Service. "Put your rescue beacon on," they said. "You're heading into a blizzard." At 750ft I opened the hatch. Snow rushed in. I climbed on to the top of the capsule. I shouted to Per: "Don't get too low. It's all forest. We'll never get out of there." I stayed there, shouting down what I saw: "There's a space ahead. Can you see it?" "Prepare for landing," Per shouted, and shut off the burner. I got back into the capsule and we headed down. Our groundspeed was 40mph when we crashed. "We've done it," I told Watson Lake. "We're all in one piece."



Joan Branson watches her husband take off

"Where are you?" "On a lake surrounded by trees." "It's frozen, it's quite safe," said a laconic Canadian voice. "But there are 800,000 lakes in your vicinity and they've all got plenty of trees." We had landed more than 150 miles from the nearest road, in an area 200 times the size of Britain. "We've flown 6,761 miles," Per said with weary triumph. "We flew for 46 hours and 6 minutes, making our average speed 127 knots, 147mph. We've flown farther than any other balloon has ever flown." "I'm dying for a hot drink," I said, "and a log fire. And a sunny beach. Why aren't we in California?" "Next time it's the ultimate flight," Per said. "Round the world."

WELL, WE TRIED it in 1997 and came down in the Sahara — not the yellow sandy sweep of dunes that you'd expect; the earth was red and rocky. Alex [Richie] and I sat on the roof of the capsule, marvelling at the dawn as it broke over the desert. Within minutes of our landing some Berber tribesmen materialised. At first they kept their distance. We were about to offer them some water when we heard the roar of helicopters. The Berber vanished. Two helicopters landed close by, and soon we were surrounded by soldiers with machine-guns. For a moment they stood still, then curiosity finally got the better of them and they came forward. As I looked at the capsule, I renewed my vow that I would never attempt this again. Yet at the back of my mind I knew that, as soon as I was home and had talked to the other balloonists who were trying to fly round the world, I would have one last go. It's an irresistible challenge and buried too deep inside for me to give up.

Edited extract from *Losing My Virginity: The Autobiography by Richard Branson*, to be published by Virgin Publishing on September 17 at £20. Times readers can buy it for £18 by calling The Times Bookshop, 0990 134459. Copyright Richard Branson 1998

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I'm just trying to get on with my job

Despite the uproar over the sale of Manchester United, manager Alex Ferguson is happy to carry on doing what he knows best. Interview by Carol Midgley

As the ink was drying on the deal that will give Manchester United unprecedented millions to lure the world's greatest footballers from the San Siro and Maracana stadiums, Alex Ferguson was to be found at Vale Park, in the Potteries. The United manager spent the wet Tuesday night grinning his way through a match between Port Vale and Wolverhampton Wanderers. Those who know Ferguson say that this is typical of the man. No matter how much money a club has to throw around, he believes, in the end it all comes down to the 11 men on the pitch. In Fergie's world there is no substitute for scouting for fresh, young talent — whatever historic deals are being struck. Asked for his opinions on the BSkyB affair, he responds almost as if it is none of his business. He is just an employee. He knows, he insists, only what he has read in the papers. With a shrug of the shoulders, he says: "I'm just trying to get on with my job. I know the fans are concerned, I understand that. The supporters are very important to this club, they have this incredible loyalty. But we can't know how it will pan out and affect everyone. We will just have to wait and see how things develop."

We will have to wait and see how things develop

And Rupert Murdoch? "I don't know him. You have got to know people before you can have views on them."

Ferguson, a millionaire, is famous for remaining determinedly down-to-earth and never losing sight of his roots in Govan, Glasgow. He began his working life there as an apprentice toolmaker. His family considered themselves lucky to have an inside toilet.

Ferguson's unwavering support for the Labour Party is well-known. His belief in socialism was strengthened by watching his mother dying from cancer in Govan's Southern General Hospital 11 years ago. The cladding was coming off the pipes and the staff were exhausted, he says. "No one should have to die in a place like that."

So where does a committed socialist stand on the Murdoch empire? I put to him a quote reported in the *New Statesman* last year when he said that Sky "sells supporters right down the river and his hardest at the most vulnerable part of society — the old". Ferguson does not dodge the question: "I think Sky has done a fantastic job. But some consideration must be given to people in hospitals or those who can't afford to pay for it." Ferguson says he does not feel let down by Labour — yet. But he believes some ministers have let power go to their heads. "Before you get in (to government) there is this great unity... but once you get into power it changes," he says. "If they



Alex Ferguson clearly prefers talking about issues than about himself: 'It's very difficult to judge yourself. It takes a certain arrogance, don't you think?'

could walk into a room and lock the door and work it would be OK, but when people get prominent profiles a lot get their own agenda. They don't stick to what they are good at — the thing that got them there. It's the same with all governments. "It's like with football managers or players — you make mistakes and they are all magnified. Labour have made some mistakes but it hasn't dented my confidence in Tony Blair. I think he's doing a better job than anyone has for a long time. The NHS is a mountain. It

will take two or three years before big changes can be made... so we can judge it then."

Ferguson clearly prefers talking about issues than about himself. It is surprising, therefore, that he has allowed Granada to make a two-part documentary of his life, tracing it back to the days when his father worked in the Govan shipyards. There are rare insights into the real man that contrast with his dour Scots image (his mobile phone plays the tune to *Scotland the Brave*), and we see for the first time

his private relationships with his players, Cathy, his wife, and his three sons, Mark, Jason and Darren (who plays for Wolves).

His office at The Cliff, Manchester United's training ground, is filled with family photographs. When he saw early tapes of the programme, he expressed concern that he was seen swearing too much. "I didn't want to do it, to be honest with you. One of the difficulties for me was to get closely involved with it. But in fairness, it's about what other people are saying about me.

When people say 'how do you judge yourself?' I say: 'Me, judge myself? Don't ask me, ask others and you will get the proper story. It's very difficult to judge yourself. It takes a certain arrogance, don't you think?'

One of the stars of the programme is his wife, a fellow Glaswegian. Ferguson is away a lot but she has become accustomed to this. "I'm quite happy in the background. We can't all be superstars," she says. "When he's under my feet it's a nuisance. If he is here

too long he's in my road." Ferguson, 56, admits his wife's distance from football helps him to keep his sanity.

Eighteen months ago the couple discovered a mutual passion — horse racing — and he has since bought five racehorses. Ferguson says of his wife: "She is the counterbalance. She brings everything into perspective. She doesn't place football anywhere near as important as family life, whereas my life is football, you know. It's good that, very good."

The horses help him to release pressure, something he had been unable to do until recently. "If you are 25 years in this bloody job, you have to have a release or you are just going to end up playing cards like the men in *One Flew Over the Cuckoo's Nest*. As you get older you can't go on like that."

Ferguson almost chokes at the suggestion that he might ride himself. "Are ye kidding? I've not even ridden a donkey on the beach. My grandson thinks I bought the horse for him. When he comes over he makes for the garage straight away and I have to say 'No, it's no horse'."

When we spoke, coincidentally at the same time as the deal was being struck, he said he had no idea what was happening with the sale (sources say he received the news later by phone). He said that he had not spoken to Martin Edwards, the club's chief executive, "for a couple of days".

But he clearly has sympathy with the protesting supporters. "Some come to watch training every day, come what may, whether it's the youth team or the reserve team. It's incredible loyalty. Don't forget this club won nothing for 20 years and they were still there."

Ferguson, a rigid disciplinarian who is at his desk by 8 o'clock every

I shan't retire. I have plenty of damage to do

morning with a mug of tea and a slice of toast, believes the jobs of both manager and player have changed. "It used to be a simple game. Managers didn't do an awful lot. It was come on lads, enjoy yourself, work hard, you know, all the clichés. Journalists used to go for drinks with players, no problem. But there is instant news on TV. Newspapers can no longer break the news, so they need the background story. Many journalists are under pressure. They are on short contracts and they need headline news."

Ferguson recognises that he will have to slow down soon but dismisses any idea of retiring. "I'm coming into the last lap of my life. I've been through all the playing part and the adulation, and being chased for my autograph. But I shan't retire. I have plenty of damage to do. I don't believe in retiring. It's against the law in America to force people to retire at a certain age. You have to remain active."

On Monday Ferguson will travel to Blackpool to talk to pensioners at the TUC conference. Many of them write to him about all kinds of subjects — such as berating him for throwing chewing gum on the floor. "They give you a few home truths," he says. "Did you know that local education authorities don't give free education for OAPs any more? Put that in your paper."

● The Alex Ferguson Story. ITV. September 15, 10.30pm

Smart socialising is essential to business success, says Lucy Hawking

It is difficult to be a social butterfly when you have the manners of a slug. Without the light touch that flutterbys possess, the rest of us squelch through social occasions hoping not to embarrass ourselves rather than expecting to shine. But sometimes we find that hope is not enough.

One evening stands out in my mind. Chugging up to the steps of a smart London restaurant in a minicab got the whole thing off to a bad start. The handle of the Nissan Cherry came away in the door-man's hand when he tried to prise it open, which meant that I had to scramble over the front seat to get out. Entering the restaurant with a bruised dignity, I then had a small bit of both when I was given a plate of canapés to distribute.

Having established that I was invited and not the hired help, I proceeded nervously into the room. Spotting two in tweedy-looking types in the corner, I bumbled over and, by way of introduction, made a famous comment about money. One of the tweeds held out a hand and said: "Hello! I'm Richard Dawkins." The other piped up: "Hi! I'm Terry Pratchett." They were, it turned out, the only famous people in the room and I had hailed them with an inanity which I followed up with "I which I followed up with 'I loved your last book — what was it called?' Oh, the shame, the shame."

I was, at this point, a perfect example of the most frequently cited social fear: that of looking foolish in public. And while it seemed misfortune had caused this lack of social grace, in fact, according to Susan Croft, a trainer and public relations consultant, I had opened myself up to disaster by leaving my evening to chance. Preparation is key, says Susan, who runs training courses in smart socialising

Succeeding at company parties

for business success. While to many, the idea of homework before a party is complete anathema, to others it may be better than standing in silence when asked a simple question. And better still than giving an inane, garbled answer. "Don't just show up. Plan your presence," says Susan, who came up with her strategy to help her to overcome her fears. "Find out who will be attending, think of a way to introduce yourself. If you can, do it with humour."

Had I done a smart socialising course, I would have built a knowledge bank. I would have known relevant facts about other guests and would have made some devastatingly clever remark. I would have had a pithy two-liner about myself and what I did, thus effectively lifting me through troublous spots with equilibrium and grace.

Doing a course to improve your party demeanour might seem trivial. "Some would rather be doing double-entry book-keeping," says Susan. But now that more business deals are struck in social settings, the art of good manners is making a comeback. With employees expected to use par-ties to network and create business opportunities, the pressure is on to perform outside work hours as well. "Some companies now ask for party reports," says Susan. "Not just 'got drunk, had a good time', 'got drunk, had a good time'."

For some lucky people, networking at business parties seems effortlessly graceful. But the less blessed strugglers



Planning your approach to a party can help you to handle it

may find the consequences of their behaviour are greater than an empty address book. "It could be damaging to your company if you didn't work the room," says Susan. The low-key course can take as little as an evening. Susan gathers between eight and 20 applicants, sometimes from the same company or from different organisations, in an informal setting. "It could be a cocktail party or a wine and cheese evening," she says. After a 30-minute talk on key tips, which, depending on requirements, may cover etiquette for business people abroad, they go to dinner.

where they are expected to make use of what they have heard. At dinner, everybody must find out something about somebody else without asking directly. At the end, they discuss what they have discovered and what they feel they have gained.

If introducing yourself smoothly is one skill, politely getting away is another, and one that professional party-goers would refresh help with the most. Cornered by a Cocktail Party Bore, one of seven tips to avoid that Susan has identified, you might find your networking hampered by loud and dull conversation. Another

er is the Rabbit in the Headlights: "Very, very nervous, limp and sweaty handshake. And would prefer to be elsewhere." Or the Limpet might target you as the friendly face and suck to you all evening. Women might find the attentions of the Lounge Lizard overbearing.

Two others are closely linked. Married to the Buffet clings to the table all evening, relentlessly filling up on food and unable to speak because of a constantly stuffed mouth. The Suspect Alcoholic pulls the same trick with booze, getting drunk and drunker.

The Homing Pigeon is confident and chatty — but only in the company of colleagues, whose side HP does not leave all night. Finding yourself stuck with any of the above will ruin your evening even more than a personal faux pas. The trick is to extricate yourself without hurting anybody's feelings. "You might spot someone you know and introduce them," says Susan. Then, you slope off, leaving your colleague with the horror.

Or, Susan suggests, that you could ask them to leave you for a few moments as 'you need to prepare a talk you are giving' — though this one should be used with great care if you are not, in fact, giving a talk.

"You might say 'I've been so pleased to meet you but you'll forgive me, I'm sure, as there's someone there I need to speak to'. Nobody will be offended by that."

Unless they, too, have done a Smart Socialising Course. In which case they will know exactly what you are saying. ● Smart Socialising for Business Success, contact The Aziz Corporation 0171-329 0225. ● Dr Thomas Stuttaford is away



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Tony Blair: saviour of the Tories?

Mary Ann Sieghart sees EMU entry uniting the Opposition

If William Hague could be granted a wish, it would be to heal the Tory party's divisions over Europe. But if he thinks that balloting his members on the single currency will do the trick, he is sadly deluded. For the only man who can now unite the Conservative Party on Europe is Tony Blair.

A membership ballot will put the matter to rest for a few months. It will take Mr Hague over the party conference season and strengthen his leadership. The move looks bold and shows that he is seizing the initiative. But, while the debate on the single currency continues to rage outside the Tory party, it can hardly cease for long inside.

This is not because either side has a destructive urge to tear the party apart. Both see themselves as saviours of the party they love. The Euro-enthusiasts argue that they alone can prevent it being taken over by what they see as a nutty fringe. Their opponents see their path as the only true one. Yet the Tories will continue to argue only while there is something to argue about. This is where the Prime Minister comes in. While Britain is outside the single currency, and debating whether to join, the Opposition will remain noisily divided. If Britain joins EMU, the issue will instantly disappear as a matter of contention. There will be no going back. This time there will have been a referendum, unlike 1972-75, a period when the Labour Party contemplated leaving the Common Market after Ted Heath had taken it in.

So, once Britain is in the single currency, the Tories will unite again. And there will be another new factor to strengthen the party. No longer will leaders of the Left, such as Kenneth Clarke, Chris Patten or Stephen Dorrell, seem anathema to MPs and activists. Mr Clarke nearly became leader last year despite his views on Europe; think how much more attractive he would seem if Europe were no longer relevant.

Both these changes should worry Labour. In my view, the economic arguments against joining a single currency in the foreseeable future are strong enough on their own. But politicians are politicians — and if Mr Blair looks at the partisan considerations, they are likely to influence him too. Does he really want to be the Labour leader who turned the Conservatives into an effective fighting force again?

We all know how damaging party divisions can be. They kept the Left out of power in Britain for 18 years. They kept the Right out of power in Australia for 13 years. They caused the demise of the Tories here last year. And they continue to contribute to the Conservatives' lamentably low poll ratings.

So does the leadership of Mr Hague. He has done little wrong since he took over the party, but there is a blandness about his personality that

If Blair is criticised, he can be petulant and even paranoid

much else sustains him. His MPs see him as an alien transplant to Labour. Many of them do not trust him and many of his ministerial colleagues do not understand him. Only while he continues to deliver electoral success are they prepared to unite behind him.

When the polls begin to slip, the fall may be vertiginous. The Labour Party will become fractious and rebellious, and murmuring disloyalty from ministers will undermine the Prime Minister. Mr Blair personally is ill-equipped to deal with such pressure. So far he has known only success. When he is criticised, he becomes ruffled and defensive. Unlike Margaret Thatcher, who thrived on adversity and almost courted unpopularity, the Prime Minister wants to be liked and could become petulant and even paranoid if his popularity slid. That in turn would worsen his problems.

Labour's current poll ratings are artificially high, thanks to the Tories' weakness. Some voters must be supporting the Government only because they still cannot entertain the alternative. If the Tories were to heal their divisions and move to the centre under a stronger leader, they could recover popularity surprisingly fast. It would be a painful irony if Mr Blair were to join the single currency to gain leadership in Europe only to find that he lost leadership of his country as a result.



Farewell laissez-faire

So capitalism is not finished after all. It only took a word from Alan Greenspan, the Chairman of the US Federal Reserve Board, and Wall Street immediately recovered almost all the losses from last week's vertiginous fall. Share prices in Tokyo and Europe also enjoyed big gains and, more importantly, global financial markets reverted to a semblance of calm. All because Mr Greenspan uttered a series of banalities that everybody knew already. The Fed was closely watching the global financial turmoil and would take the appropriate action if, and when, required.

Capitalism will survive global crisis. Free-market fundamentalism won't

In the paucity of their informational content, these comments brought to mind the one famous joke made by the notoriously guarded Fed Chairman. During a congressional hearing, Mr Greenspan was thanked for being so clear in what he said. "If that is the impression I have given," he replied, "then I'm afraid I have been misunderstood."

Why, then, did Mr Greenspan's essentially vacuous remarks add hundreds of billions of dollars to the value of assets from Tokyo to Buenos Aires? Modern financial capitalism is an incredibly robust system. This is not meant to be a market forecast — for what it is worth, I still believe that stock markets will fall by another 20 per cent. But the financial crisis, even if conditions deteriorate much further, will prove no more than a pinprick for global capitalism. This was the obvious symbolic meaning of Tuesday's stock market bounce.

But the euphoric reaction to Mr Greenspan's soothing words had another, more controversial and definitely unintended, symbolic meaning. The markets were celebrating because the world's most powerful economic policy institution — the Federal Reserve Board — was publicly declaring that it would intervene to stabilise the markets if required. To put it in traders' parlance, the markets want someone to "take charge" — and similar sentiments are voiced around the world from Hong Kong and Tokyo to Frankfurt and Moscow.

Consider what this implies. It implies a recognition that capitalism can prosper only with the support of sound government — that political institutions have a legitimate and indispensable role in managing the capitalist system. The present financial

crisis will do no permanent harm to the operation of reasonably free markets, but the global dominance of free-market fundamentalism, which was already waning after the political defeats for John Major and Newt Gingrich, is now in full retreat.

Market fundamentalism is an all-embracing philosophy which asserts that market forces, commercial competition and purely economic judgments should dominate decisions in all areas of political and social life — that political actions and even moral arguments which seek to restrain the unbridled pursuit of profit are damaging, futile and unnatural because they conflict with the "iron laws" of market economics.

The challenge to this ideology is symbolised by the markets' faith in Alan Greenspan and the Fed. Why do most people, like me, believe that capitalism is an incredibly robust system that will survive every conceivable crisis with a bit of help from the Federal Reserve, the European Central Bank and other policymaking institutions? It is certainly not because of historical experience, which has been marked by gigantic booms and busts, often accompanied by wars and revolutions, from the 18th century to the 1930s. The main reason for such confidence is that the world has not experienced any postwar economic crisis remotely comparable to those of the 1920s and before. What is more, such a crisis is very unlikely to hit global capitalism ever again.

This statement may seem absurdly hubristic. Now let me say something that sounds even more stupid. Future depressions will be avoided because our understanding of economics, inadequate though it is, has progressed enormously since the 1930s. This revolution in economic thinking is often attributed in Britain to Keynes, but like all intellectual revolutions since Copernicus, it was more the consequence of an historical conjuncture than the work of any particular man.

one particular new theory about countering depressions — "Keynesian" deficit financing — whose effectiveness has been largely overtaken by events. The much more important and enduring event was a permanent change in our way of thinking about the economic world — what historians describe as a "paradigm shift".

The real significance of this paradigm shift was the recognition that capitalist economies cannot always rely on pure market forces if economic stability and political consent are to be preserved. Governments must accept responsibility for preserving stability and managing macroeconomic demand. How exactly governments do this — through interest rates, taxes, currency management or whatever — depends on ever-changing conditions. But the fact that capitalism requires some degree of external management is impossible to dispute — and fortunately the imperatives of global capitalism's self-preservation invariably bring to play the forces of political stabilisation when the system as a whole is under threat.

Thinking of the 1930s was followed by an unprecedented period of stability and growth in all capitalist economies, as well as the triumph of capitalism over communism, feudalism and all other alternative forms of economic organisation. In the past 50 years, there have been no economic and financial crises. But they have not been as deep or protracted as the booms and busts that punctuated the development of capitalism in the centuries before the Second World War and which regularly saw global economic activity falling by as much as 10 per cent and remaining depressed for years on end. The worst worldwide slump of the post-war era, in the mid-1970s, saw global output contracting by less than 1 per cent and recovering after a single year. And the 1970s crisis was much bigger and more pervasive than the problems that have hit Japan and the rest of Asia in the present decade.

Of course, this historical coincidence does not prove that the economic policies introduced after the Great Depression caused the prosperity of the past 50 years — and it certainly tells us nothing about which specific policies to pursue today. But what happened in the political economy of the 1930s was not just the invention of

Anatole Kaletsky

A very Scottish covenant

Magnus Linklater on a Highlander's lessons for Labour

I was, declared the lady in the tweed skirt, "a fine Edinburgh funeral". It had combined a proper degree of solemnity with a splendid gathering afterwards. There was "a good turnout", a modest supply of strong drink, and no lack of what the Scots call "crack", a word that translates limply as conversation, but carries a whole extra layer of animation. Alastair Dunnatt, the newspaperman with the Highlander ancestry, would have approved: he was, after all, a quintessential Scot. "In Scottish culture nothing beats a good-going funeral," he once said.

He would have appreciated the Presbyterian simplicity of the Canongate Kirk, with the morning sun lighting up the whitewashed walls, and the view through the East Window of the Royal High School where, as everyone knows, the new Parliament should have been. He would have liked the 121st Psalm, "I to the hills will lift mine eyes", and been pleased with the old Scottish Paraphrase or biblical hymn, *O God of Bethel*, which ends with the lines "And thou shalt be our chosen God and portion evermore". There was a reading from the great 18th-century Gaelic poet, Duncan Ban Macintyre, and the Scots version of the *Lords Prayer* which asks forgiveness for "debts" rather than trespasses — "as we forgive our debtors".

There was, I thought, a rustle of approval from the packed congregation when the Rev Charlie Robertson, the Queen's Chaplain in Scotland, read out a sentence from Dunnatt's autobiography in which he summed up his feelings about his native land with the words "I have a Covenant with Scotland". Covenant is a peculiarity of Scots word, redolent of Calvinist martyrs and a long line of unforgiving preachers. But in this case it conveys something of a life spent almost wholly in Scotland, devoted to Scottish interests, with an unshakeable faith in Scotland's abilities. As Editor of two distinctive newspapers, the *Daily Record* and *The Scotsman* in the days when a decade was considered a fairly brief stint in the editorial chair, he knew his own country backwards. He was 89 years old when he died, and had turned down three Fleet Street editorships to stay at home.

Some of his opinions now sound old-fashioned. But in a week which ushers in a critical period in Scotland's political history — one which he would have followed with the keenest interest — it is worth reviewing what he stood for, if only because his attitudes, particularly about England, still reflect a deep seam of Scottish opinion that is not generally reported. The Scottish Labour Party, which tomorrow relaunches itself with a new image in an attempt to unite a divided nation, would find useful lessons in the Dunnatt view.

He had been deeply influenced by his wartime experience spent working for the greatest of latterday Scottish Secretaries, Tom Johnston, who laid the foundations of modern Scotland. Johnston had persuaded Churchill to agree to set up a Council of State, a non-elected precursor of the Scottish parliament. Using this to draw together support from local councils and MPs, Johnston created the hydroelectric industry, launched a nascent Scottish tourist board, set up a network of emergency hospitals, and won enormous power for the Scottish Office. Dunnatt remained deeply impressed by what could be achieved in a small country if there was leadership and enthusiasm. Johnston "was of course a political nationalist," he wrote, "but far more important, he was determined that the immediate task should always be to get on with improving the place as you found it, and not wait for some millennium arising out of a political majority".

Dunnatt remained convinced that nothing could be achieved unless Scotland retained the closest ties with England — though on its own terms rather than those dictated from London. "I believe in Britain," he said. "I believe in a United Kingdom that is a united kingdom." Unless it was founded on a basis of equal partnership, he thought, it would eventually fall apart. A future Scottish parliament should be given equal political status with its more powerful partner at Westminster. Only thus could Scotland discover its own strengths rather than be overwhelmed by the notion of English superiority. "One of the great attitudes of mind which has prevented Scotland from being utterly engulfed by them is that the Scots are the only people in the world who have never underrated the English," he said. "In any proper system of government in the small British islands they would be natural and friendly allies and we could do great things together."

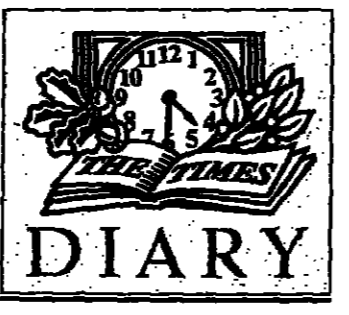
What he put his finger on is the dilemma that still confronts Labour in Scotland and that they have not so far resolved. Just eight months short of the Scottish elections, it is to tap the deep vein of nationalism which forms the Scottish character, while retaining confidence in the Union and a close working relationship with London. I imagine that Alastair Dunnatt would have pointed out that unless both these aspects are fully recognised, the equal partnership he sought would be swept away on a tide of separatism.

Catholic taste

NEWS has reached Cardinal Basil Hume that Tony Blair received Communion during Mass while on holiday in Tuscany recently. Two years ago, Blair was criticised after it emerged that he had taken Communion with his family at St Joan of Arc Church, a Roman establishment in Islington. The PM responded by stating: "If it causes difficulty or offence to people, I will stop." Last summer, I was told that Blair received Communion during the G7 summit in Denver. Technically, it would appear that our quixotic Prime Minister (pictured in Tuscany) has not broken the letter of Church of England law. "Eucharist hospitality" states that it is acceptable for an Anglican to take Communion in a Catholic church while away from home if no CoE establishment is close by. The nearest Anglican chaplaincy to the Blairs' holiday home was a bumpy car ride away in Florence. But Catholic diklat requires that if a Christian from another denomination shares Communion, he must believe that the bread and wine are the real presence of Christ. This rather helps to kick-start the Reformation here in the 16th century. Friends of the PM insist, however, that there will be no conversion until he leaves office.

bar of the Marquis of Granby, in Westminster. Kemp's card had expired, leaving friends sated but the landlord £130 short. "I squared it straight away with the pub," Kemp assures me.

Set in stone
NICHOLAS PARSONS or Emperor Marcus Nerva? This is the choice facing Gloucester, which has to decide between these two greats for a statue in the town. Mr Nerva, who was big in Rome from



AD96, founded Gloucester and transformed it into the powerhouse of Britain. The capricious townsfolk have responded with the cry "Marcus who?" and have suggested other more contemporary representations of Gloucester's success. Support is increasing for Parsons, the important television game show host, who lives locally. Nigel Spry, of the Gloucester Civic Trust, which is proposing the Roman sculpture, is appalled. "Parsons is a transient, ephemeral figure. Nerva has historical significance and made Gloucester the equal of Rome. The town was originally called Nervana." A billowing gown at Gloucester City Council hopes to find a solution which will appeal to its more populist residents: "I don't think Nerva is one of our most famous sons."

AN AUSSIE swimming coach has angered the non-competitive

sports fraternity with his novel approach to motivating his sleeper charges: a crocodile.

Farmed out

NATIVES are restless on the estates of All Souls College, Oxford. The alma mater of John Redwood, William Waldegrave and other persons owns a farm in Edgware that it wants to turn into a golfcourse (which would offer a more lucrative harvest of club-wielders). It has applied for planning permission. But Mr Valkass, a farmworker who has lived in a tied cottage there since 1963, refuses to go.



"People have realised that you are leader of the Labour Party"

He claims that the college is letting his home disintegrate to hand him out, and he has Barnet council on his side. It condemns the state of the farm, and says the college needs to spend £80,000 on repairs. "We will not be moved," says Mr Valkass's partner. "We will fight." Dr Bailey, the college's estates bursar, says: "I can see why he might think he is being eased out, but the buildings don't justify being repaired." That, doctor, depends on how one defines "justify".

SIR CLIFF RICHARD has a dark side. The purveyor of musical sludge has accused Una Stubbs, the actress, of being the devil woman who turned him to booze: "I started drinking wine when I did Summer Holiday in '62. I was outside on a beautiful night with Una and I tried some and liked it. Una got me hooked for life." It is not the first time Cliff has strayed from the path of righteousness: "I was actually thinking of getting involved with the occult when I was 21." Is he still going to Heaven? "I've been promised that." Lucky chap.

Altered image
KATE MOSS pines for her Croydon roots. When the model (right) took Johnny Depp, her occasional boyfriend, home to meet her mother, they had a jolly family "meal" of



bangers and mash. It seems the poor lass has had enough of catwalk life. "When I look at a billboard of myself in Times Square, I don't see myself any more, just an image of what someone is trying to advertise." Painful, self-realisation.

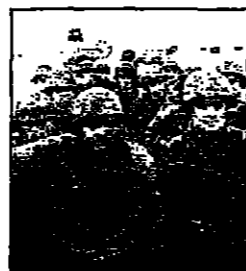
AT THE Ivy, Lady Antonia Fraser distanced herself from snuffy comments about Luke Johnson, the new owner (he made his money at Pizza Express). "He is my kind of owner. I have known him since before he was born."

JASPER GERARD

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ARTS D-Day in Normandy gives Spielberg his finest hour PAGES 36, 39



SPORT Henman shrugs off disappointment of US Open defeat PAGES 45-52

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BUSINESS EDITOR Patience Wheatcroft

THURSDAY SEPTEMBER 10 1998

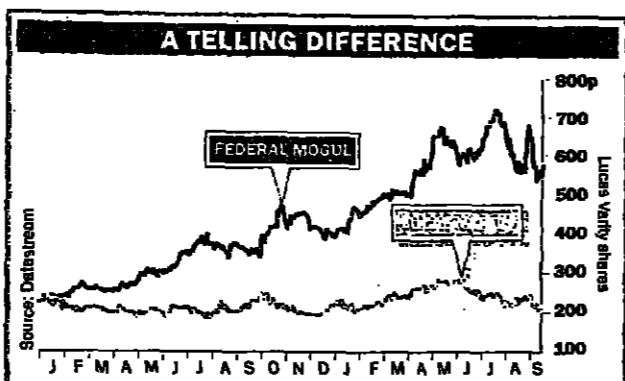
Shareholders sceptical as unions voice protest LucasVarity seeks US home

BY PAUL DURMAN

LUCASVARITY, the braking-systems business formed from an Anglo-American merger two years ago, is to become a US company, claiming it will have greater freedom to borrow money for acquisitions.

The company, which has clashed with UK investors over dividend policy, will fall from the FTSE 100 list of leading companies although it will retain a secondary listing in London.

LucasVarity still has 25,000 UK employees, many in the West Midlands, and the US move brought an immediate protest from the Transport and General Workers' Union. Bill Morris, T&G's general secretary, said the union's 10,000 members at LucasVarity "will see it as a vote of no confidence in this country".



Some British shareholders — the largest of which were briefed ahead of yesterday's announcement — were also sceptical of the merits of the move. Some funds are unable to hold US stocks, which are also unpopular with many private investors. Victor Rice, the British chief executive who formerly headed Varity, said LucasVarity was concerned that "we are drifting slowly backwards because a lot of deals are being done in the US".

the US. Mr Rice said the consequence is that LucasVarity's cost of capital, at about 12 per cent, is about 30 per cent higher than that of its US rivals. This was dismissed as rubbish by one leading institution. He said the calculation was distorted by the higher prices enjoyed by US stocks, and does not take account of the risks that accompany heavy borrowing.

Another issue for LucasVarity is its disappointing share price, which has failed to give the group credit for its improving profits. Yesterday's half-year operating profits of £181 million from continuing operations represented a 20 per cent improvement, or 24 per cent if currency fluctuations were excluded. This was despite the loss of £11 million of profits because of the General Motors strike.

Mr Rice said the move of the group's head office to New York was the natural next step that would allow LucasVarity

to compete with its peers for acquisition opportunities. He said it was "partly true" that UK investors did not understand the dynamics of the motor industry.

LucasVarity has no immediate plans for acquisitions but it intends to buy in up to 20 per cent of its shares. Dividend policy will also be reviewed. UK ownership of the group has declined from 67 per cent to only 47 per cent, while US investors have raised their holding from 33 to 47 per cent.

One leading institution said yesterday: "The problem with Rice is his approach to investor relations is not a millions miles away from Genghis Khan." The conversion into a US corporation will require backing from the High Court and shareholders. LucasVarity has advanced the payment of its 2.5p interim dividend to November 30.

Commentary, page 29



Rice: Genghis Khan approach

Volatile markets delay Viyella demerger

BY MATTHEW BARBOUR

THE demerger of the Viyella clothing business from Coats has been delayed. The hold-up, along with a sharp fall in profits, sent the struggling textiles-engineering group's shares down 16 per cent to 40p.

The company, which has seen its share price fall by almost 70 per cent over the last 12 months, said volatile market conditions and weaknesses in the textile and retail industries had forced it to put any re-organisation plans on ice. Michael Ost, chief executive, said: "We're still completely committed to the demerger, but at present it would be irresponsible to put Viyella out as a separately listed company."

He said there had been a number of approaches for Viyella, though at far less than what the group thought was a reasonable value for the business.

The separation of the precision engineering business remains on course for the first quarter of 1999, although the Viyella demerger is not now likely to get the go-ahead until the second half of 1999.

Results for the six months to June 30 did little to bolster spirits, as the group reported pre-tax profits of £1.6 million down from £41.5 million. The fall was largely due to re-organisation costs of £16.6 million and losses of £29.4 million on the sale or closure of businesses. The abolition of advance corporation tax meant Coats Viyella had to write off £20.5 million of tax. Mr Ost said the strength of sterling also cost the company £5 million directly. Sales for the half year were down 8 per cent at £1.08 billion, while operating profit tumbled a quarter to £49.1 million. The dividend has been reduced to 1.5p (3.7p).

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BUSINESS TODAY

STOCK MARKET INDICES

Table with 2 columns: Index Name and Value. Includes FTSE 100, Yield, FTSE All Share, Nikkei, New York, Dow Jones, and S&P Composite.

US RATE

Table with 2 columns: Instrument and Rate. Includes Federal Funds, Long bond, and Yield.

LONDON MONEY

Table with 2 columns: Instrument and Rate. Includes 3-month interbank, Life long gilt, and future (Dec).

STERLING

Table with 2 columns: Location and Rate. Includes New York and London.

DOLLAR

Table with 2 columns: Instrument and Rate. Includes DM, FF, SF, Yen, and S index.

YEN

Table with 2 columns: Instrument and Rate. Includes DM, FF, SF, Yen, and S index.

YEN

Table with 2 columns: Instrument and Rate. Includes DM, FF, SF, Yen, and S index.

GOLD

Table with 2 columns: Location and Rate. Includes London close.

* denotes midday trading price



Going up: Cathy McGowan of Selfridges in the Trafford Centre, near Manchester, Britain's latest megamall, which expects 30 million visitors a year.

Selfridges heads for Trafford

SELFRIDGES opens its first store outside London today, along with 239 retailers at the launch of the £600 million Trafford Centre near Manchester (Fraser Nelson writes).

The 15 million sq ft retail park, owned by Peel Holdings, will also be home to Boots, HMV, Debenhams and WH Smith. It has a catchment area of 5.5 million shoppers living within a 45 minute drive of the retail park. The development has a dome larger than that of St Paul's Cathedral and offers a 20-screen multiplex cinema an indoor sports complex and an hotel.

Trafford result, page 33

Russian exposure for CSFB reaches \$2.16bn

BY RICHARD MILES, BANKING CORRESPONDENT

CREDIT SUISSE First Boston (CSFB), the Swiss-owned investment bank, yesterday stunned the markets by unveiling a net exposure of \$2.16 billion (£1.34 billion) to Russia after a \$1 billion provision.

More than half of the provision relates to CSFB's attempts to hedge its commitments against the rouble's devaluation, but Stephen Hester, chief financial officer, said much of the provision would not feed through to the profit and loss account.

CSFB has already announced that trading losses stemming from the Russian crisis — the bank is believed to have taken a hit of \$250 million in August — would cut its

first-half profits by about \$250 million. The investment bank also disclosed a \$1.75 billion exposure to Brazil.

CSFB's Russian exposure overshadowed the first-half results of its parent, Credit Suisse, which reported a 36 per

cent rise in net profit to SF2.4 billion (£1 billion).

The European Bank for Reconstruction and Development (EBRD) said yesterday that it expected to report a loss of 150 million euros (£100 million) for the first nine months.

The bank said it is also likely to show a loss for the year.

The EBRD has made an extra provision of 180 million euros to cover its loans risk in Russia, on the assumption that the Government continues to service its debt normally. The bank is exempt from the 90-day moratorium on debt imposed by Boris Yeltsin last month and is due 140 million euros in payments from Russia by the end of this year.

Daiwa Securities, the Japanese investment firm, emerged as the third casualty of the day, reporting a 14 billion yen loss on emerging market bonds in August. Its UK operation has a \$40 million exposure in loans to Russian companies.

Bank of Japan cuts key rate

BY JANET BUSH, ECONOMICS EDITOR

THE Bank of Japan yesterday cut its key overnight bank lending rate, a surprise move that markets interpreted as a sign of increasing concern about the deteriorating Japanese economy and frustration with the lack of concrete policies from politicians.

The overnight rate was lowered to 0.25 per cent from 0.45 per cent, the first cut in any Japanese interest rate for almost exactly three years. The official discount rate was left unchanged at the record low of 0.5 per cent that has been in place since 1995.

The bank said in a statement that it would also seek to expand Japan's money supply by providing ample liquidity

to the banking system. It told the markets: "It was appropriate to take this measure to ease monetary policy to ensure the economy does not worsen further and to prevent the economy from falling into a deflationary spiral."

"For the Japanese economy at present, recovery and rebuilding of the financial system are issues that do not allow a moment's respite," the bank said.

The bank said that the decision had been taken without discussions with overseas governments, so pouring cold water on speculation about a co-ordinated interest rate cut across the Group of Seven nations.

Manchester United 1, other clubs 7

BY JASON NISSE

FOR THE £623.4 million BSKyB is paying for Manchester United, it could have bought most of the Premier League.

If the rules allowed, it could have bought Arsenal, Liverpool, Aston Villa, Newcastle United, Tottenham Hotspur and Leeds United, and had change left

for United's opponents last night. Chariton Athletic. The second most highly valued club is the Olex-traded Arsenal, whose share price has risen this week by £200 to £2.800, giving it a capitalisation of £156 million. Three shareholders own 70 per cent of Arsenal's shares — David Dein, the deputy chairman, his friend Danny Fiszman, and the Carr family.

Liverpool shares, traded on a matched bargain basis, rose £500 to £4,500 this week, giving it a valuation of £144 million. Newcastle United is valued at £104 million. Aston Villa, where the 74-year-old chairman, Doug Ellis, has a 34 per cent stake, is valued at £73 million. Tottenham Hotspur, whose chairman, Alan Sugar, is valued at £64 million. Leeds Sporting, owner of Leeds United, is considered by many to be the bargain of the sector, priced last night at £50.6 million. Chariton, capitalised at £17.4 million, could be bought 25 times over for less than the price of Manchester United.

Away fans, page 5 Shares rise, page 29

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PFI rules changed to clarify ownership

By GRAHAM SEARJEANT, FINANCIAL EDITOR

NEW rules laid down by the Accounting Standards Board will make it harder for the Treasury to use the private finance initiative (PFI) to sweep the cost of building infrastructure projects, schools and hospitals, out of government accounts.

The Government has accepted the rules, even though it is not legally obliged to do so. Geoffrey Robinson, the Paymaster General, said he wanted the treatment of PFI clarified and welcomed the final version of the board's proposals.

They will not, however, be applied to schemes already agreed, such as the Channel Tunnel rail link. Nor will the new rules apply to schemes where a best and final offer is being negotiated and a deal will be agreed by the end of this calendar year.

The board insisted that if payments made by the public sector customer to the PFI contractor do not vary with how much a road, prison or hospital is used, or if transfer values do not vary with market values, the state cannot pretend that a property asset is owned by the private supplier.

The change is likely to slow any indiscriminate switch to PFI contracts and could curb increases in public-sector investment. The board has resisted earlier attempts by the Treasury to water down its draft proposals but has also responded to Treasury concerns. The final rules focus more narrowly on the property element in contracts and insist that the tests applied to the issue of who bears the risk must be commercially realistic.

Many leading accountants argued that if the board compromised on its proposals, it would open a loophole for off-balance-sheet financing within the private sector and undermine its efforts to stop abuses.

An amendment to accounting rules made to stop abuses of off-balance-sheet finance is

being issued today with immediate effect. It says that the risks of owning property involved in a PFI supply contract must be assessed, even if they are mixed up in payments for a full service. The rules will apply to contracting-out deals between private sector firms.

Regardless of the form of a contract, the property must be counted as an asset of whichever party bears the main risks. So is any matching liability to pay for it, even if that is in regular future contract charges.

Sir David Tweedie, the board's chairman, said: "What has worried many observers is the risk that the assets and liabilities under PFI contracts end up on nobody's balance sheet."

Property risks to be judged include who is affected by higher or lower than expected use of a building and how its residual value is fixed at the end of the contract. If minimum tolls on a motorway built by the private sector are guaranteed and if it is handed over free to the Government at the end of the contract, the road is now likely to be counted a public-sector asset from the start.

State guarantees on the Channel Tunnel rail link, the biggest PFI project, would have the same effect. Sir David admitted that judgment will not always be easy and that different tests could point in different directions. But he argued that, if all the tests in the new rule are applied, it should be clear if the economic risks of an asset are borne by the public or private sector firm operating the contract.

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The public sector borrowing requirement, which reflects cash income and spending, will not be affected directly by the change. But it will eventually add to measures of public spending and debt used under the Maastricht treaty.

Commentary, page 29



Martin Read: 'Logica could still grow at a good rate even if there was a recession'

Logica aims to prolong its rise

By CHRIS AVRES

LOGICA, the information technology group whose shares have risen more than sevenfold since 1994, yesterday said it could continue its rapid expansion even during a recession.

The company reported a 49 per cent rise in pre-tax profits for the year ending June 30 from £28 million to £42 million. Logica also said that it would seek approval for a 4-for-1 bonus share issue.

Shares in the company rose nearly 9 per cent yesterday from £16.75 to £18.22 — they traded at just 243p four years ago.

Martin Read, Logica's chairman, said: "I'm so glad we're in IT and not the widgets business. We could still grow at a good rate even if there was a recession. I think we have an exceptionally well positioned business which has given us a broad base."

"The IT industry is becoming more and more important in the world economy. At Logica we continue to concentrate on value-added, repeatable IT solutions in global markets with significant growth potential... we are well placed to deliver superior growth."

Dr Read said the company would continue its acquisition-led overseas expansion plans. Logica said its sales had risen 40 per cent from £338 million to £473 million, while its earnings per share also rose by 40 per cent from 30.3p to 42.3p.

Logica said it would pay a final dividend of 7.25p, with a total dividend of 11.75p, up from 9.4p the previous year.

Tempus, page 30

Beazer profits fail to lift ailing shares

SHARES in Beazer, the housebuilding group, yesterday failed to recover from their recent decline despite a 27 per cent rise in pre-tax profits for the year to June 30 from £62.2 million to £79.2 million. Sales at Beazer rose 18 per cent from £536 million to £631 million, while earnings per share rose 28 per cent from 15.62p to 20.06p. A final and interim dividend of 7.3p, up from 6.6p, will be paid on November 16. Shares in Beazer fell 7p to 150p, compared to 231p in May.

Announcing the figures, the company also gave details of the far-reaching management shake-up carried out in July, which involved the departure of two directors, Stewart Baseley and Andrew Calvert. Mr Baseley was chairman of one of Beazer's regional divisions and Mr Calvert was finance director. Beazer's chief executive, Dennis Webb, will retire next year, Mr Webb, who will be 60 next year, said the management shake-up was intended to "flatten out" the company's management structure and end its division into three regional parts. He said David Smith had been appointed finance director and that John Low had been appointed managing director.

NU in Australian buy

NORWICH UNION is to buy Portfolio Partners, an Australian fund management company, for an estimated \$120 million (£42.7 million). The move will turn NU into Australia's 12th-largest fund manager. Yesterday's announcement comes hard on the heels of the publication of Norwich Union's results when directors made it clear that they wished to pursue a more aggressive acquisition strategy. However, since its demutualisation last year, Norwich Union has been seen more as a possible target for an Antipodean business, such as AMP, than as a predator in the region.

Devaney for Steel

JOHN DEVANEY, the departing chairman of Eastern Group, yesterday joined British Steel's board as a non-executive. Mr Devaney resigned from Eastern last month amid speculation that he was forming a consortium to pursue his own energy interests. He is thought to have approached PowerGen about power station sales and to have talked to banks and other parties about a takeover bid for National Power. Before joining Eastern, Mr Devaney worked in the US for engineering companies. He is also a non-executive director of Midland Bank.

PSD sees sales soar

SHARES in PSD, the recruitment services group, rose 25p to 360p after the company revealed a rise in pre-tax profits from £3.9 million to £6.2 million on sales up from £14.2 million to £22.6 million in the six months to June 30. Earnings rose from 11.3p to 17.6p and the half-year dividend rises from 2.4p to 3.8p. PSD said trading since June 30 has continued at record levels and the company remains confident of a positive full-year outcome. Charterhouse Tilney, the company's house broker, raised its full-year forecast from £11.8 million to £12.4 million.

Hit's US breakthrough

HIT Entertainment, the children's television production and distribution company behind *Kipper*, *Percy the Park Keeper* and *Bramble Hedge*, will today announce it has sold seven series to the US. The deals will make the UK company the largest non-American children's producer in the US. Peter Orton, managing director of Hit, said the sales marked a breakthrough for the company in the US market. He declined to put a value on the deals but revealed that next year 30 per cent of Hit's revenue will come from the US.

Oil price hits Premier

PREMIER OIL, the exploration and production company, saw a fall in net income to £9.1 million from £26.1 million in the half year to June 30, adversely affected by a 28 per cent fall in oil prices. Turnover was 30 per cent lower at £61.7 million. The average Brent price was \$13.60 (£8) a barrel, compared with \$19.60 in the first half of 1997. Earnings fell to 0.9p a share from 2.55p. There is again no dividend. The shares fell 2p to 26½p. Premier said it enjoyed exploration success in Pakistan, Burma and Indonesia.

US banker jailed for fraud

A FORMER vice-president of Bankers Trust, the Wall Street bank, was sentenced to 18 months in prison for insider trading in one of the harshest sentences in recent years (Olivier August writes).

Alan Stricoff, who was responsible for stamping out insider trading in his position as compliance officer, had pleaded guilty to making a

profit of \$325,000 (£200,000) from buying the shares of takeover targets advised by Bankers Trust.

Michael Milken, the legendary junk bond impresario of the 1980s, spent two years in prison on charges relating to much greater profits. Both men were judged by Kimba Woods at the same court in New York.

The case against Stricoff focused on trades involving the shares of Caesars World, a leisure group that was acquired by ITT in 1994. Bankers Trust acted as an adviser to ITT in the takeover.

Mr Stricoff, who was prosecuted together with another compliance officer and his brother, had selected investment choices based on Bank-

ers Trust so-called grey list of companies that were being advised or targeted by the bank's merger team. As compliance officer, Mr Stricoff was involved in compiling and monitoring the grey list that is circulated to all bank employees. His co-defendants have yet to be sentenced. The bank was not charged.

Jarvis colleges plan

JARVIS, the construction and property group, has secured financial backing for a new £500 million student accommodation scheme (Joanna Geary writes).

Jarvis plans to buy student halls of residence from University authorities and construct new buildings.

Jarvis already provides facilities management and other services to universities at York, Plymouth and Aberdeen.

The project, called University Partnerships, has received financial backing from Abbey National Treasury Services and Barclays Bank.

ICS steps into breach for IFAs

THE £15 billion personal pension mis-selling scandal is taking its toll of the independent financial advice sector (Anne Ashworth writes).

The Investors' Compensation Scheme, the official rescue fund for clients of defunct firms, yesterday announced that customers of nine independent financial adviser (IFA) firms that have gone out of business can now make formal claims for restitution.

Since April the ICS has declared 55 firms in default over pension review payouts. A firm in default is unable to meet its liabilities to clients. The ICS takes over these cases.

Earlier this summer a number of IFA firms were rebuked for delays in the payment of compensation to priority pension cases.

TOURIST RATES

	Bank Buys	Bank Sells
Australia \$	2.92	2.74
Austria Sch	21.25	19.95
Belgium F	63.40	67.40
Canada \$	2.650	2.462
Cyprus Cyp £	0.8909	0.9194
Denmark Kr	11.54	10.65
Egypt	5.85	8.29
France Fr	9.35	8.54
France Fr	10.10	9.32
Germany Dm	3.035	2.733
Greece Dr	317	278
Hong Kong \$	13.69	12.49
India Rs	129	109
Ireland P	1.1998	1.1108
Israel Sh	6.74	6.08
Italy Lit	3010	2773
Japan Yen	242.72	228.15
Malaysia M	0.871	0.812
Norway Nkr	3.432	3.137
New Zealand \$	3.42	3.18
Norway Nkr	3.42	3.18
Portugal Esc	307.04	285.01
S. Africa R	10.93	9.97
Spain Ptas	258.26	238.51
Sweden Kr	14.07	12.97
Switzerland F	2.510	2.292
Turkey Lira	472.08	407.38
USA \$	1.787	1.624

Rates for spot conversion between banks only as supplied by Reuters Bank. Different rates apply to traveller's cheques. Rates as at close of trading yesterday.

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BSI

Thistle co return to

Income worri send United News tumblin

السؤال الثاني

Everyone wants to be loved. Victor Rice and his chairman Ed Wallis insist that their decision to pack their bags and move to a more congenial country has nothing at all to do with feeling unappreciated in the UK. But they would not be human if they were not fed up with being spurned. On the other side of the pond, they might not be guaranteed instant adulation but a more friendly response seems certain.

Yesterday, the pair were at pains not to utter anything that might be deemed a criticism of British investors. Their reasons for turning LucasVarity into an American company were coldly commercial and eminently convincing. But when their newly acquired US share price motors to a substantial premium over the current UK levels, as it surely will, they will be able to relish the triumph of the jilted bride who goes on to land the perfect partner and gets to introduce him to the former suitor, who has, by then, lost his looks and most of his money.

British investors have been jilting LucasVarity ever since the merger that created the business. It would be surprising if the few who remain stand in the way of the company's planned change of citizenship, since they will benefit from the expected uplift in the company's value. But there will be an emotional response from those quarters that so recently were bemoaning the sale

Wallis goes the American way

COMMENTARY
by our City Editor

of Rolls-Royce Motors to BMW. What is left of the British automotive industry is no longer British owned, and the Americanisation of LucasVarity is just an extension of that fact.

In many ways, the change for the company is virtual rather than real. The factories and jobs which remain in Britain are not affected by the move. But by simply changing the main market on which its shares are quoted — in fact not a simple job at all, but one that will earn hefty fees for battalions of brokers, bankers and lawyers — LucasVarity should be able to become a more effective player in the world automotive business.

This, like so many other industries, whether telecommunications, pharmaceuticals or financial services, is in a process of consolidation. In order to play with the big shots, LucasVarity needs access to the significantly cheaper capital that the US will offer. In New York, it will benefit from being quoted as part of a sector not banished to obscurity, as it has been in London.

Other company bosses will sympathise with the move being made by Rice and Wallis and some will be tempted to follow.

Disillusion with their share prices is driving many directors to despair, particularly in the second line stocks, where ratings seem often to bear little resemblance to corporate performance. If they cannot quit the country, they will look to quit the stock market, as the rash of venture capital funded moves from public to private is demonstrating. If investors will not support the shares, they can hardly complain.

Counting the cost of blind optimism

The extent of the Russian plague is slowly emerging. Now CSFB has owned up to exposure of \$2 billion. Barclays has already admitted that it has been nastily caught out by Hurricane Boris, and Wall Street's banks have been totting up the damage. But with all the benefits of hindsight it is now possible to

wonder just what scale of miracle British companies thought had been achieved in that country. It took many years for what was once part of our Post Office to be transformed into what was designated British Telecom. Before that company could move from the realms of nationalised industry to become a quoted company there had to be drastic personnel changes, mass redundancies and extensive retraining. It was a question of changing the culture, and the change was nowhere near complete by the time the business came to market.

How much harder to change the culture of a nation. Yet many British businesses chose to believe that the former Communist country was open for business only months after the old regime had moved out. Now they are counting the cost. For some, such as Littlewoods, the experiment has been interesting but hardly ruinous. Opening a trio of stores in Moscow was a pointlessly opti-

mistic move, but withdrawal rapidly became inevitable, some of the banks that plunged in to help the emerging economy were risking far more.

Russia had not become an open capitalist market overnight. George Walker, the controversial former Brent Walker chief, plunged in and prospered, selling cigarettes and satellite racing broadcasts. More conventional businessmen, however, soon found that dealing in Russia was different.

Alan Lewis, for instance, wanted to take Illingworth Morris, the textile company that makes Crombie coats, into the country. He thought he had bought a textile factory but instead found himself embroiled in litigation which has gone on for years. The problem was that while national politicians were on his side — Mr Lewis boasted a hotline to the Kremlin — local politicians were not so supportive. Indeed, some thought that their roles gave

them a stake in the company. The culture change had not yet percolated below the first layer. Russia's turmoil cannot batter the West's economies to the same extent as the problems in the Far East, but they do provide a lesson on the dangers of doing business with emerging economies.

Tweedie nails the risks in the PFI

Trust Sir David Tweedie to make things awkward for the Treasury over the private finance initiative. The Accounting Standards Board really had no choice. If it allowed the substance of property risks to be judged in PFI deals, it would open a cavernous loophole through which private sector outsourcing deals could be structured to be no one's liability.

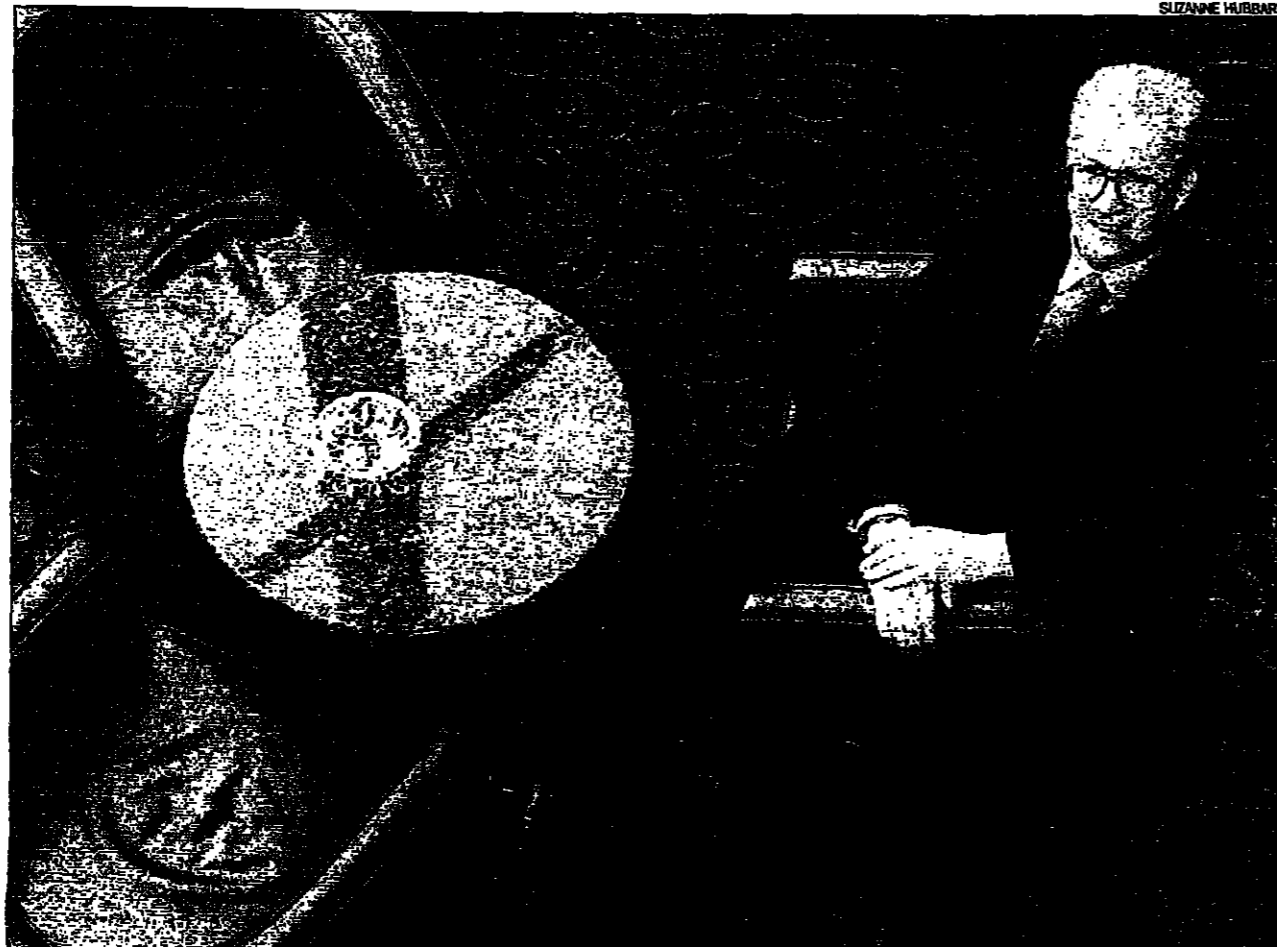
Geoffrey Robinson, the minister in charge of PFI, has wisely accepted the board's ruling in principle, while making sure it does not apply to existing plans. Not to do so would have made nonsense of Andrew Likierman's resource accounting reforms for the public sector. The price is smaller than had

been feared: the board has refined its original draft to make the rules easier to apply and the tests more realistic. The public sector borrowing requirement should escape unscathed. But the purpose of PFI has evolved beyond being a mere wheeze to disguise extra public sector capital spending and beat cash limits. Now the main drive is to get better value for money, something that some early PFI schemes have even delivered.

By making it clear who bears the risks, honest accounting will help to sort good projects from bad. There should be no repeat of a Channel rail link scheme that puts burdens on future taxpayers. And Labour does not plan to drive ahead with new private roads, potential PFI schemes which looked full of potholes.

Filling a gap

THE ever-expanding Boots is branching out into dentistry. But should we believe the company's rather downbeat comment that it is not expecting the same scale of growth from this business as it has enjoyed from its chain of opticians, since dentistry lacks the fashion retail element of spectacles? Surely the chemist that turned itself into one of the nation's largest sandwich suppliers has the imagination necessary to turn teeth into a fashion statement. Buy your ring of confidence here.



Ian Burke, chief executive of Thistle Hotels, who announced that the company had embarked on a brand building exercise

Signet to expand in Britain

SIGNET, the jewellery chain, is pressing ahead with its UK expansion although its underlying sales growth has slowed to 1.1 per cent (Fraser Nelson writes).

The company intends to open or refurbish 100 H Samuel shops and open 50 Ernest Jones outlets before Christmas, as part of its £20 million expenditure budget. James McAdam, chairman, blamed the UK economy for the slow growth and said: "We are being very, very careful."

Sterling, its US division, which now generates 65 per cent of group sales, delivered a strong performance, with underlying sales up by 10 per cent and profits up to £22 million (£16 million). This helped the company lift overall pre-tax profits to £121 million (£193 million) for the half-year.

Manchester United shares rise on offer

BY RAYMOND SNODDY, MEDIA EDITOR

SHARES of Manchester United rose 15½p to 215½p yesterday after confirmation of British Sky Broadcasting's £623.4 million cash and shares offer.

The fact that the shares of the football club fell short of the 240p value of the offer price suggests that the City believes there is a risk the deal will be referred to the Monopolies and Mergers Commission. It also suggests there is unlikely to be a rival offer.

BSkyB, the satellite broadcaster in which News International, the owner of *The Times*, has a 40 per cent stake, also rose 6p to 470p. The offer has the unanimous support of United directors. It involves 0.2537 BSkyB shares and 120p in cash for each Manchester United share. There will be a full cash alternative and existing Manchester United shareholders

will retain the final dividend for the year to July 31, which is expected to be 1.18p. There will also be a Manchester United loan note alternative for the cash part of the deal with the club logo on the certificate. The loan note will pay interest rather than a dividend.

Directors have accepted the offer in respect of 16.5 per cent. The undertakings lapse — apart from that of Martin Edwards, the chief executive — if a higher offer is received or if the Department of Trade and Industry accepts an Office of Fair Trading recommendation that the deal should be referred to the MMC.

A maximum 66.3 million new BSkyB shares are being issued, which would amount to 3.6 per cent of the enlarged share capital if accepted. Mr Edwards, who will join the board of BSkyB, will continue to be responsible for the day-to-day running of the club along with Peter Kenyon and David Gill. Maurice Watkins will continue on the United board as a non-executive director, but there was no mention of the other non-executive — Greg Dyke, the chairman of Pearson Television.

Throughout a board meeting at HSBC on Tuesday Mr Dyke refused to accept the original 225p offer, which was later increased to 230p. Mr Dyke, who was in a minority of one, held out successfully for a 240p offer, even though he owned only 75,000 Manchester United shares. The board wanted unanimous director support before putting the deal to fans.

BSkyB said that the deal would be modestly earnings dilutive in 1999 and 2000, and earnings neutral after that.

Thistle confirms £185m return to shareholders

BY ROBERT COLE, CITY CORRESPONDENT

THISTLE HOTELS, the hotels operator, has promised to return £185 million to shareholders. The move, which was widely anticipated, comes in the wake of the breakdown of talks about a full-blown takeover by Nomura and the successful sale, last week, of 31 of its provincial hotels.

The capital return will be completed in two stages. The first phase will be funded by the £84 million Thistle raised through the sale of the 31 provincial establishments, and other smaller disposals. The second part of the programme will be funded out of borrowings, although generation of surplus cash from operations will also help both parts.

The first phase of capital

repayment, totalling £90 million, will be effected through the issue, and redemption of preference shares. The second, worth £95 million, will come in the form of what Ian Burke, chief executive, described as a "super dividend". In total the two payments are equivalent to 30p a share.

Mr Burke said that he knew of no discussions that were taking place for the sale of Thistle. However, speculation about Thistle, which is 46 per cent owned by Brierley Investments, the New Zealand group, persists.

Thistle also published interim pre-tax profits yesterday that fell from £38.1 million to £17.3 million. However, a large chunk of the decline was

accounted for by an exceptional item relating to the write-down in the value of the hotel assets recently sold.

Ignoring the exceptional items pre-tax profits rose from £37.2 million to £44.5 million. The company said that the advance was secured by a 10 per cent advance in revenues per available room and a 9 per cent widening of the operating profit margin.

Overall revenues per available room rose from £38.64 to £42.63. In London, the increase was from £52.18 to £56.10 and in the provinces it grew from £26.04 to £29.39. Occupancy across the group was static at 65.4 per cent and in London it slipped back from 75.4 per cent to 73.6 per cent.

Mr Burke, who has only been in the role of chief executive for five months, admitted that Thistle's key ratios lagged its rivals.

He added that the group was embarked on a strategy of brand-building in an attempt to close the gap. He said he wanted to improve and standardise the level of service to encourage customer loyalty among the crucially important business traveller and he revealed that Thistle was embarking on a £50 million annual programme of investment in its hotels.

Earnings per share, adjusted for the exceptional items, were 6.1p against 5.7p. The interim dividend is 0.1p higher at 1.5p.

Income worries send United News tumbling

BY RAYMOND SNODDY, MEDIA EDITOR

SHARES in United News & Media tumbled 49p to 623p yesterday amid growing fears of a fall in advertising income, which is the bedrock of half the company's businesses.

The fall came despite assurances from Lord Hollick, chief executive, that advertising revenues were holding up and that the company was "in good shape".

He was speaking as United announced headline profits up by 2.2 per cent to £178 million for the six months to June 30. This figure excludes the exceptional items such as the sale of regional newspapers, amortisation of goodwill and the set-up costs of Channel 5, the television station, and LineOne, the Internet joint venture with BT and News International, owner of *The Times*.

On a similar basis earnings per share rose by 3.3 per cent to 25.1p. Underlying profits from the media business, which ranges from Meridian and Anglia Television to *The Express* newspaper, and excluding Garban, the financial services company, which is being demerged in November, was up by 9.4 per cent.

The Garban businesses returned a 16 per cent drop in profits to £22.7 million due to lower broking income with UK equities down sharply.

Lord Hollick emphasised that in the past six months profits had grown and investment sustained. Analysts are looking for pre-tax profits of about £30 million for the full year net of exceptional items.

Tempus, page 30

Everest to go as Caradon focuses on new strategy

BY PAUL DURMAN

CARADON has put its Everest windows business up for sale as part of an attempt to resurrect its sales and profits growth.

The struggling building materials group will also sell the rest of its doors and windows businesses in the UK and North America, which provided £182 million of its £766 million of first-half turnover. Caradon wants to sell Catnic, a steel linings maker, and the Terrain plastic pipes business.

Jürgen Hintz, the new chief executive, hopes to turn Caradon into a European leader in plumbing and in electrical wiring accessories.

However, the City focused on the group's warning that it expected trading conditions to become more challenging. Its shares fell 13½p to a new low

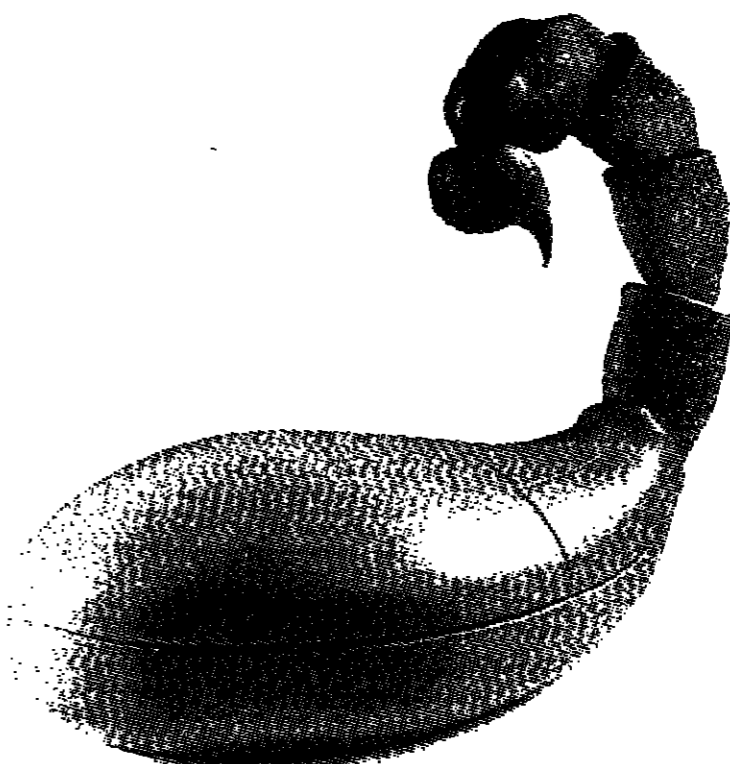
of 133½p. They stood at 440p in early 1994.

Mr Hintz offered a damning analysis of the group's problems, saying it had been over-reliant on premium pricing and inflation to sustain margins.

Under the new strategy, Caradon will aim to offer "superior value through better products underpinned by clear cost-leadership".

Closures and redundancies enabled the doors and windows business to return to profits in the first half, though only of £100,000. Caradon's pre-tax profits were £53.7 million (£74 million). Operating profit fell from £65 million to £63.3 million. The interim dividend is maintained at 2.9p a share.

Tempus, page 30



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STOCK MARKET



MICHAEL CLARK Stock Market Writer of the Year

Colt and Telewest join FTSE in latest shake-up

TWO fast-growing companies with a combined stock market price-tag of more than £6 billion have become constituents of the FTSE 100 index in the latest quarterly reshuffle.

Colt Telecom, up 15p at 62.5p, and Telewest, up 5p better at 15.2p, have much in common. Neither of them has made a penny profit during the past five years. In fact last year Colt achieved record losses of £32.5 million, while the losses at Telewest were a staggering £310 million.

But such has been the demand for their shares that they have soared out of all proportion to their achievements. Telewest, Britain's second-biggest cable company, is now worth almost £3 billion after the £49 million merger with General Cable and the conversion of 49 million preference shares earlier this year, while Colt is capitalised at £3.5 billion.

Three other companies have also been promoted to the top 100 companies, including Securicor, 3p easier at 48.2p. Sema, the Anglo-French information and technology specialist, up 7p at 64.7p, and bid target Southern Electric, up 1p at 59.1p.



Dennis Webb, left, and David Smith, the finance director at Beazer Group, saw shares dip despite higher profits

to make headway, adding 13p at 47.9p, after briefly touching 48.5p, in the wake of this week's demerger of its financial arm, Merrill Lynch, the broker, continues to push the shares. By contrast newly merged Allied Zurich fell a further 5p to 73.0p. Brokers say BAT has been able to crystallise its worth and tobacco companies generally are seen as good defensive plays in difficult times.

Somerfield stole a Morgan Stanley, the US securities house, raised its recommendation from "neutral" to "outperform". A few weeks ago the supermarket chain broke off bid talks with Booker, which retreated a further 2p to a low of 15.4p yesterday. Booker is now talking to Budegas, unchanged at 70p.

Manchester United rose 15.5p to 215.5p, still 24.5p below the terms offered by BSKyB. 9p clearer at 48.2p. Meanwhile, the other quoted clues continued to be fuelled by takeover speculation. Aston Villa jumped 7.2p to 632.5p, while Celtic, which tipped as a takeover target for Nomura, the Japanese bank, held steady at £25. Elsewhere, Leeds put on 2.2p at 16.7p, Newcastle up at 72.2p, while Wembley, home of the twin towers, rose 5p to 33.2p on the news that Kingfisher, the Woolworth and Comet retailer, is planning to contest Scottish Media's £31.2 million offer made for the video publisher on Tuesday. Scottish Media rose 5p to 65.0p, while Kingfisher added 16p at 53.4p.

There was a lukewarm response to half-year results from Beazer Group, down 7p at 15.0p. Pre-tax profits were almost a third higher at £7.2 million but the group, whose chief executive is Dennis Webb, said trading conditions were getting tougher.

The decision to postpone its demerger until the second half of 1998, left Coats Viyella 7.5p lower at 40.2p.

Norwich Union retreated 20p to 43.2p in the wake of this week's results. With Charnersbury Tilney, the broker, telling clients to "sell" and switch into the Prudential, down 15p at 84.3p.

A profits warning left Albright & Wilson 11p lower at 97.5p. Devro shed 27p at 21.0p after reiterating its profit warning. GILT-EDGED: The cut in Japanese interest rates boosted the bond market. Shorter-dated issues saw the best of the day's gains in the hope that the move by the Japanese central bank may form the first link in a co-ordinated move on interest rates worldwide.

In the futures pit, the December series of the long gilt finished £0.51 better at £112.79 on turnover of 59,000 contracts, while the five-year future ended £0.45 up at £105.80. In the cash market, Treasury 7 per cent 2002 rose £1.32 to £104.4, while at the longer end Treasury 8 per cent 2002 added £3.12 to £137.16. NEW YORK: Modest profit-taking was seen in choppy morning trade. By midday the Dow Jones industrial average was down 73.63 at 7,947.15.

MAJOR INDICES

New York (midday): Dow Jones 7,947.15 (-73.63) S&P Composite 1,015.16 (-8.30)

Tokyo: Nikkei Average 14,755.54 (-197.08)

Hong Kong: Hang Seng 7,005.45 (-283.80)

Amsterdam: AEX Index 1,066.59 (-19.09)

Sydney: All Ordinaries 2,542.57 (-12.7)

Frankfurt: DAX 3,040.87 (-62.97)

Singapore: Straits Times 885.46 (+16.78)

Brussels: BEL20 3,306.73 (-58.50)

Paris: CAC-40 3,762.13 (-41.61)

Zurich: SMI Gen 1,304.50 (-34.40)

London: FTSE 100 3,394.4 (-26.0)

FTSE 250 4,811.7 (-7.2)

FTSE 350 2,541.9 (-12.3)

FTSE Europe 100 3,541.66 (-23.56)

FTSE All-Share 2,864.5 (-10.1)

FTSE Non Financials 2,339.47 (-4.46)

FTSE Fixed Interest 148.47 (+0.40)

FTSE Govt Secs 108.61 (+0.41)

FTSE 100 Volume 485,528

US\$ 1.6632 (+0.0026)

German Mark 2.8674 (+0.0034)

Exchange 103.3 (+0.4)

Bank of England official base rate (4pm) 4.75%

ESFR 4.00% (31.05.98) Jan 1997-100

RFPI 4.00% (31.05.98) Jan 1987-100

Closing Prices Page 35

TEMPUS

United they fall

UNITED News & Media faces stiff challenges, exposed as it is to the winds and rains of economic activity. Neither the advertising revenue from its newspaper and television interests, nor the flows of income from exhibitions and other business services can be relied on with so much uncertainty in the air.

Some believe the doom is overdue but unweaving flat interim profits yesterday Lord Hollick, United's chief executive, was not convincing about the prospects. The shares have taken a thorough hammering in recent months. They are down 33 per cent since May, with yesterday's 49p or 7.3 per cent fall. The unchanged interim dividend, despite the fact that it was held for quite sensible reasons, does not help United's case. Nor, more importantly, do nagging doubts about where this group, occupying

what is meant to be a go-go sector, will find decent growth opportunities. Digital TV will be nothing if not competitive. United is in need of a new big idea.

Yet the demerger of Garban, the money broker side that has sat uneasily beside the media activities for some time, ought to help sentiment. The fact that United sold its regional newspapers at the price it did should also be appreciated, with the benefit of hindsight, as canny. The underlying operations, also, are respectably profitable and the balance sheet is not overstretched.

At 623p the shares trade at 13 times forecast earnings for this year. The stock has been oversold, but the uncertainties surrounding the health of its key marketplace, and the strength of negative sentiment flowing against it, makes United no more than a hold.

Coats Viyella

HOW the mighty are fallen. The days when Coats Viyella was a FTSE constituent seem so far distant that it is hard to believe they ever existed.

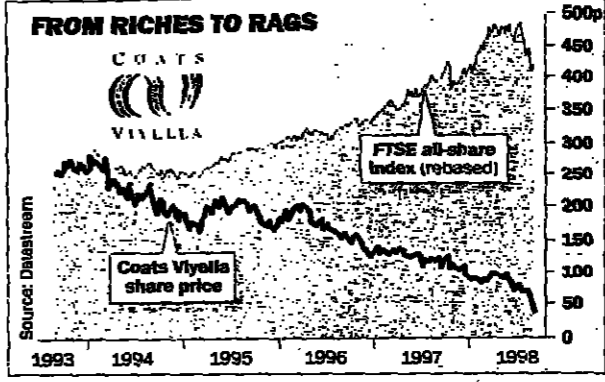
Yesterday's postponement of the demerger of Viyella from Coats speaks volumes about the decline and fall of the UK textiles industry and, if ever anyone needed proof that it is about as tired as it gets, here it is. It is not just that the economic and market conditions are hardly conducive to floats: it is testament to the fact that investors have all but written off the ability of textiles companies to deliver anything like the kind of returns and self-respecting fund manager requires.

There are shades of Hillsdown and Sears in the Coats Viyella story.

Hillsdown and Sears

shareholders discovered - or are discovering - that financial engineering cannot release value that does not exist. Coats, perhaps, deserves credit for not succumbing to the process which seems to benefit the fee incomes of mercantile bankers rather more effectively than deliver value to shareholders.

But, while the postponement of the demerger saves heartache and administration cost, it does not leave Coats Viyella shareholders in a good position. The fall-off in profits continues and the business prospects in both the thread side and the clothing side are dismal. Coats Viyella's plight is unlikely to improve. Sell.



FROM RICHES TO RAGS

Caradon

IT IS not encouraging that Caradon's new strategy is to concentrate on the two divisions that suffered the biggest falls in profits during the first half of its financial year. Plans to build European leaders in plumbing and electrical are all very well, but, with so much of its sales in these segments housing-related, Caradon is setting to work in the face of deteriorating trading.

The state of this market is hardly auspicious for the prices the group will achieve for Everest and the rest of the doors and windows businesses that it is selling in the UK and North America either. One glimmer of hope in the results was the return of this division to profit ahead of schedule but do not get too excited: it made a pitiful £100,000 of profit on sales of £215 million.

Caradon has been destroying its investors' wealth for years: after yesterday's 13.2p

back on the upward track

Adding £1.50 yesterday to rise to £18.22 Logica shares trade on a multiple of "only" 34 times forecast earnings.

In a sector where such multiples can be as high as 80, it makes them almost cheap. The relatively messy trading is handed down because of concern that Logica is being too gung-ho in its overseas expansion plans. It has already spent about £100 million on acquisitions over the past 18 months or so, and plans more, even in unlikely areas such as the Czech Republic. The company can fund such a strategy from its vast cash reserves, but worries persist about the depth of management.

Logica

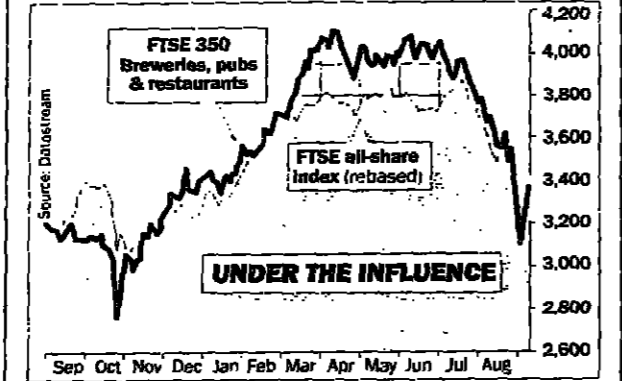
BUT given Logica's track record and its focus on utilities, telecoms and finance, its prospects look good. It is ludicrous to think that the IT sector will gain immunity from recession. But at its current price Logica's shares look reasonable value for the first time in a while. Buy.

RIGHTS ISSUES

Cammell Ltd n/p (53) 3

MAJOR CHANGES

Table with columns: RISES, FALLS, and company names with price changes.



UNDER THE INFLUENCE

BREWERY shares may be flat but they still have their attractions. Merrill Lynch, the broker, has been pushing the sector despite poor weather and increased competition. This has forced it to downgrade its growth expectations although the sector still contains value. Having underperformed by 15 per cent this year, the brewers are now discounting the expected slowdown in like-for-like growth and returns on investment. BT Alex Brown is also attracted by their above-average yields and sub-

market ratings. It says the sector offers earnings growth reliably ahead of the market's. Further profit downgrades would have to be accompanied by a full-blown recession.

Merrill has upgraded its recommendation for Scottish & Newcastle, up 25.2p at 812.5p, and Whitbread, up 16p higher at 818p, from "neutral" to "accumulate". BT Alex Brown sees Whitbread as a "strong buy" and has Greene King, up 1p at 562.2p, Marston Thompson, up 4p at 208.2p, and Vaux, 2.2p better at 269p, on its "buy" list.

LIFFE table with columns: COCOA, ROBUSTA COFFEE, WHITE SUGAR, MEAT & LIVESTOCK COMMISSION.

COMMODITIES table with columns: ICIS LONDON CRUDE OILS, GNI LONDON GRAIN FUTURES, RUBBER, LIFFE BITUMEN, GAS OIL, BRENT, LONDON METAL EXCHANGE.

LONDON FINANCIAL FUTURES table with columns: Long Gilt, German Govt Bond, Five Year Gilt, Italian Govt Bond, Japanese Govt Bond, Three Mth Sterling, Three Mth Eurodollar, Three Mth Euroswap, Three Mth Euro, FTSE 100.

MONEY RATES (%) table with columns: Base Rate, Discount Rate, Treasury Bills, Prime Bank Bills, Sterling Money Rates, Interbank, Local Authority Depos, Building Societies, Commercial Banks.

OTHER STERLING table with columns: Australia, Belgium, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Korea, Malaysia, Netherlands, Norway, Portugal, Singapore, Spain, Switzerland.

DOLLAR RATES table with columns: Australia, Belgium, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Korea, Malaysia, Netherlands, Norway, Portugal, Singapore, Spain, Switzerland.

LIFFE OPTIONS table with columns: Series, Call, Put, Price, P/L.

LIFFE OPTIONS table with columns: Series, Call, Put, Price, P/L.

EUROPEAN MONEY DEPOSITS (%) table with columns: Currency, 7 day, 1 month, 3 month, 6 month, Call.

GOLD/PRECIOUS METALS (Baird & Co) table with columns: Bullion, Open, Close, High, Low, Silver, Palladium.

STERLING SPOT AND FORWARD RATES table with columns: Mks Rates, American, Japanese, Swiss, etc.

FTSE VOLUMES table with columns: U, S, A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

WALL STREET table with columns: Series, Call, Put, Price, P/L.

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سبتمبر ١٠ ١٩٩٨

Cut back Number 10, not the Palace

Twelve months ago the Royal Family was given a shock, as an institution as well as individually. When so many ordinary people responded to the death of Diana, Princess of Wales, it became clear that "The Firm", as court insiders so appropriately call it, had a great many loyal but dissatisfied customers.

Two key problems emerged. The first they could at least do something about. The model of dignified service offered so successfully since the abdication of Edward VIII had finally lost the edge of its appeal. The monarchy was no longer, as it assumed, supplying quite the right focus of national unity or so good a symbol of popular loyalty. People wanted symbols they could identify with better, such as Queen Elizabeth the Queen Mother understood during the war that only the bombing of Buckingham Palace allowed her to look the people of the East End in the face.

The family has set up its own board of directors to remodel the service. One sign was when the

public was told that the Queen had joked "one is not amused" when watching England's World Cup mishap on television. But adapting to an age of informality is not something that can be done fast.

As any good manager knows, the faster we need to change, the more we need elements of continuity to be successful. Since the monarchy is a key one, too-rapid change would destroy the service.

The second problem is structural. The Queen, by goodwill, is holding up a ramshackle structure that owes its existence to history rather than to any 1990s reality.

Almost on the anniversary of the first shock, a pamphlet co-written by a colleague but published by a think-tank linked to Tony Blair, has delivered a second. The Demos plan, a compromise between monarchy and republicanism, would make the Royal Family be

more politically correct, lose all the ceremonial powers behind the symbol and make it part of the civil service. Much common sense is offered, but the Demos plan is written from a British political view. The Royal Family is not a business. Just as the need to change its service can be analysed as a trial for a family firm, however, structural reform is better seen as an exercise in corporate finance.

The structure in which the monarchy operates is the shell of a long-lost empire, still masterminded by British prime ministers as if nothing had happened. It is like one of those grand but sad conglomerates, such as Vickers or the old Hawker Siddeley. Its prime assets have all been nationalised and what remains has little in common but the great name.

The anachronism is, however, the role of the Prime Minister as



GRAHAM SEARJEANT

Paul Bah to this nonexistent empire. Through his jealously guarded power over the monarch, Tony Blair is unconsciously pretending that this empire still exists. It is Number 10, not the Court, that is the stultifying dead hand.

The parts of this dead conglomerate, like so many others, can have a much more successful fu-

ture on their own. They include the worldwide Anglican communion, the Commonwealth, all the other independent countries of which the Queen is sovereign and any countries within the United Kingdom that eventually prefer to be independent members of the European Union.

Most of these would need a ceremonial non-executive chairman of the kind urged by the Cadbury Committee for companies. Most would probably choose the Queen and one or other of her heirs because they offer a great service: fame, respect and tradition without any claim to such legitimacy that might tempt them to interfere. Chief executives love that.

The constitutional anomaly of the Church of England is not that it is headed by an hereditary secular figure, the symbolic head of many nations, or that it has a spe-

cial ceremonial place in British life. The problem is that its laws are decided by Parliament and bishops are appointed by the Prime Minister. The Queen, as head of the Church, should be advised by the Archbishop of Canterbury. As head of an independent Scotland, she would be advised by its prime minister, just as in Canadian affairs she is best advised by Canadians.

The chief executives of the Commonwealth, the Anglican church and others need freedom from the dead hand of the centre, which is Whitehall. They should report to and advise their symbolic head independently, and become their own bosses. Our Prime Minister should stick to running England, and whatever else remains of the old UK state.

To operate effectively, a rainbow multifunctional monarchy needs

to operate as a service organisation independent of any one of its "customers", even the original one. Rather than coming under some Whitehall office of the monarchy, it needs an independent service organisation of its own. Many courtiers may not be up to the job and the Queen may be well advised to recruit more systematically. Being absorbed by the British civil service, however efficient, would be fatal.

To operate independently, however, the monarchy must be financially independent of Whitehall. Republicans will always use the Civil List as a stick to beat an irrational form of public spending.

The Royal Family has invaluable "intellectual property" to exploit, from licensing royal warrants to ownership of royal images. It also has huge underused property assets that can be deployed better or sold. Only if the Royal Family is run at a profit can it look the taxpayer in the eye, make those charity donations so many now expect and free itself from the shackles of Number 10.

US airline strike may prove the undoing of the unions



AMERICAN AGENDA BRONWEN MADDOX

Don't bother trying to get to North Dakota. You can't, since the Northwest Airlines strike began 12 days ago. After a summer of harvest-wrecking heat, which followed floods of biblical destructiveness, the prairie towns are facing the modern plague of transport strikes.

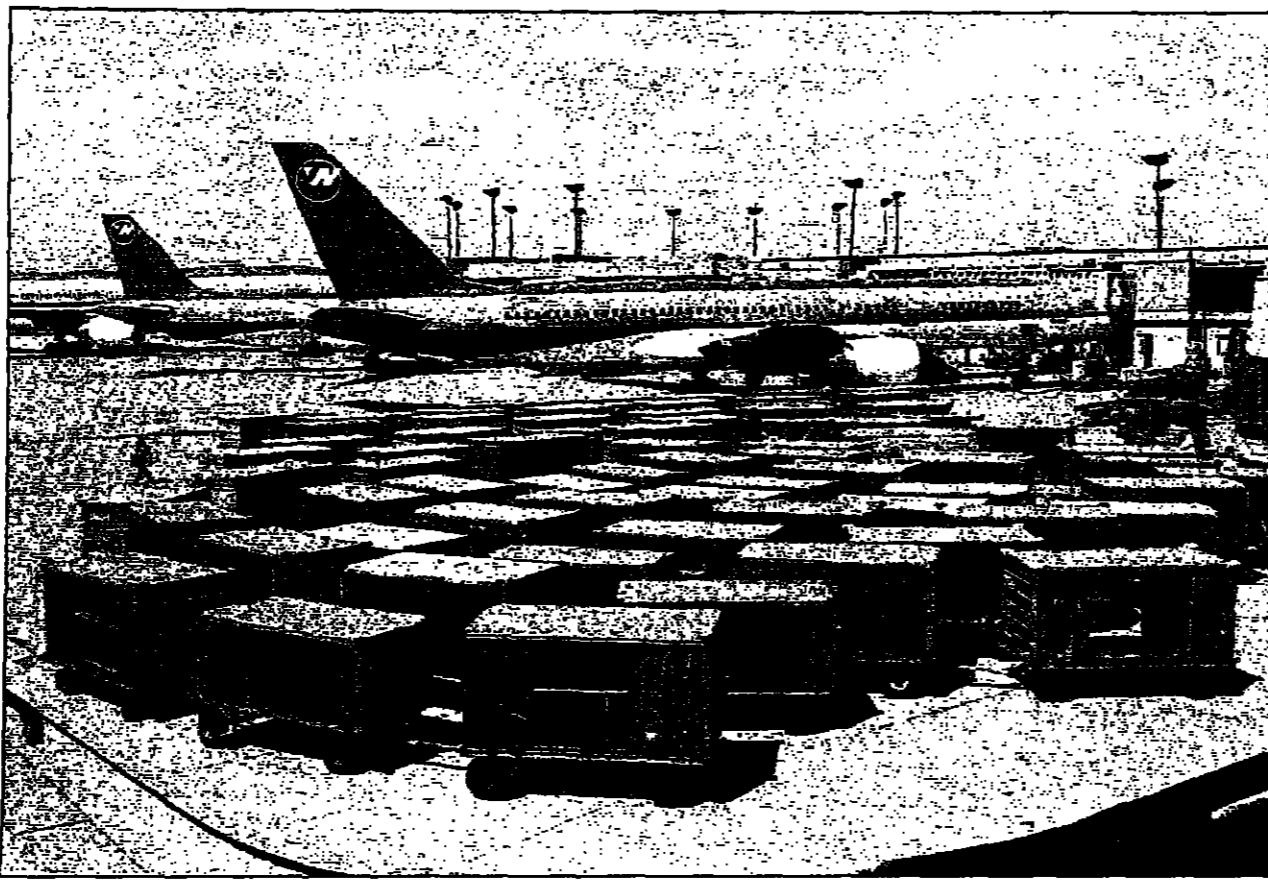
The northern plains are almost as cut off as when the first wagon trains rolled nervously across Indian grazing lands. To afford the ticket prices charged by the handful of other airlines which serve the region you would have to be engaged on extremely lucrative business.

Car rental companies love it — fly to Canada and drive down, they say. "Airlines today are like the railroads of the last century," Joseph Schwieterman, economics and transportation professor at DePaul University in Chicago, says. "They wield great clout over an entire region's economic well-being."

The spectacle of one company's labour troubles crippling a large chunk of the United States — North and South Dakota, Minnesota and Iowa, and much of the South — has inevitably been read as a sign that union power is on the rise.

The Northwest strike has coincided with another at AirTran Airlines, formerly known as ValuJet, which faces a walkout by flight attendants. Unions at Delta Airlines have also forced it to scrap a key part of its proposed alliance with United Airlines — the pact to share codes, link schedules and sell tickets together.

It may be irresistible to interpret these moves as a sign of rising power, but it would be



Empty cargo bins sit idle outside the Northwest Airlines terminal at Detroit Metropolitan Airport in Michigan

wrong. The effects on national mobility, particularly on commercial freight, are not anything like as crippling as they would need to be for the unions to be confident of winning its case. The impact is dwarfed by that of the Asian recession, whose effects are increasingly obvious. In fact, the airlines are a microcosm of the US economy: falling commodity prices are buying a temporary reprieve from the slowdown that is about to come. Against that background, the union demands are an extra strain. But, although labour leaders think they are pitching their bid at the height of a boom, they are doing so at the start of a slowdown. Their leverage is weaker than they think.

In getting Washington's attention, they may also provoke the thing they most dread: a re-regulation of the industry, which would weaken the near-monopoly power some airlines have acquired over whole regions and weaken the unions' power at the same time.

The strike by nearly 6,200 Northwest pilots, the longest at an airline since the Eastern Airlines walkout in 1989, is about both wages and job security. The pilots, who say they earn an average of \$120,000 a year (£70,000), want a raise of 15 per cent over three years. The company, which says pilots earn an average of \$133,000, has offered 9 per cent over four years.

The strike has forced Northwest to cancel its 1,700 daily flights carrying 170,000 passengers within the US and internationally. It has laid off more than 27,000 workers since the start, and is said to be losing at least \$27 million each day in revenue. Industry analysts put the impact on profits at the Northwest at \$10 million and \$15 million a day.

It is business and holiday travellers who have suffered the greatest immediate disruption, as well as local hotels and restaurants; the strike is expected to cut \$4 million a week from conference spending.

That has led to increasing pressure on Washington: governors of the seven states most affected have called on Bill Clinton to use his executive powers and order the pilots back to work for 60 days while an emergency board tries to mediate.

While the President has held back from formal intervention, on Monday he despatched two aides to the talks in Minneapolis: Bruce Lindsey, the deputy White House counsel who is also one of Mr Clinton's closest confidantes; and Rodney Slater, the Transportation Secretary.

more preoccupied with the Asian crisis. Carriers are reporting much more traffic from West to East than the other way. Westbound cargo flights have been particularly hard hit by the sudden collapse in demand from Asia. So far, the domestic market for airline travel is still booming, with rates for business customers and freight still at record highs. But airlines are expecting this to soften during 1999 as the US economy slows down.

If Latin American economies suffer as much as the recent turmoil in their stock markets and currencies implies, there will be a further squeeze on airline profits. The only blessing for airlines is that the collapse in the price of oil since the Russian crisis has pushed the cost of jet fuel — the second biggest cost after labour — to just 43 cents a gallon, lower than they have seen throughout the four-year boom. But many financial analysts, who now predict that the

head of the mid-term elections, he and congressional Democrats feel vulnerable to these regional laments. But, however the Northwest dispute ends, it does not give the unions grounds for hope that their hour has finally come round again, after years of declining membership.

The industry overall is far

good times for the industry are ending, foresee a squeeze on profits for years to come.

So, although unions appear to believe that they are in a strong position, their bargaining power is likely to be weakened almost immediately by the conspicuous financial pressures on their employers. Their manoeuvres could even backfire badly by prompting a Washington-backed restructuring of the whole industry.

The fact that whole regions of the US depend on a single airline is a problem that the federal Government might now tackle. The problem pre-dates the years of prosperity. The deregulation of the airline industry created the hub-and-spoke structure which persists today. But larger airlines have been allowed to win control of a majority of landing slots at the main hubs — and to put up prices steeply while letting punctuality, baggage handling and inflight service deteriorate. Bills to loosen up airlines' access to slots have been languishing before Congress for years.

The strike may prove the catalyst to get at least a version of these passed. But any move which weakens the power of the main airlines will also weaken the unions' threat to be able to shut down a region. Whatever the outcome of the Northwest scrap, it is likely that this marks a high point of union power before inevitable decline.

If union leaders also prompt Washington finally to do something about the abusive control of the great hubs of air traffic, passengers will thank them. Their members will not, but they will have only themselves to blame.

Banks count the cost of Russian loans

AS RUSSIA slips deeper into the mire, Western banks are beginning to count the cost of their trust in Boris Yeltsin and his programme of economic reforms. With the rouble trading at between 16 and 25 to the dollar against 6.5 just a few weeks ago, the latest estimate of the private sector's exposure to the Great Bear has climbed to \$125 billion (£75 billion), more than a quarter of the country's gross domestic product in 1996.

Fitch IBCA, the credit-rating agency, reckons that European and US creditors could incur losses of \$100 billion — although in contrast to previous emerging market crises, the fallout is expected to be spread across a range of financial institutions and hedge funds rather than concentrated on a handful of players.

David Riley, an analyst at Fitch IBCA, calculates that foreign institutions hold more than \$14 billion in Russian treasury bills (GKO) and bonds (OFZs), that have been the main cause of trading losses among Western banks. Conservative estimates now put their worth at between 6 and 7 per cent of their face value after Moscow's debt default and the rouble's devaluation.

British banks, excepting Barclays, which last week took a £250 million charge, claim to have only a small exposure to Russia. Certainly, their exposure pales compared with the loans granted by continental European banks and some of the US investment banks with proprietary trading positions in the Moscow markets.

Credit Suisse First Boston, the Swiss investment bank which is one of the biggest

foreign players in Russia, has so far disclosed the greatest exposure, provisions and trading losses. Yesterday, it unveiled provisions of \$1.06 billion against an exposure of \$2.16 billion. Last month, the bank also gave warning that trading losses would cut more than \$250 million from its first-half net profits.

Of the German banks, Deutsche has declared an exposure of DM1.35 billion (£465 million) as well as a \$290 million trading position in short-term government paper, while Commerzbank and Dresdner have announced loans to Russia of about DM1 billion. However, these credit exposures do not include the bulk of their loans that are covered by state guarantees.

Many banks have come unstuck because of their hedging strategies. More than half of CSFB's provisions relate to foreign exchange futures deals to protect itself against the devaluation of the rouble. Unfortunately, most of the counter-parties were Russian banks that cannot now honour their side of the bargain.

There is little foreign banks can do about their Russian problems. Their trading positions are highly illiquid and there are serious doubts about whether Mr Yeltsin's Government can service its debt.

As Martin Taylor, chief executive of Barclays, pointed out, a government default is an extremely unusual event. One clear consequence is that banks are now scaling back their commitment to emerging markets in general.

RICHARD MILES

Quiet Liffe

I BUMP into Daniel Hodson, former chief executive of Liffe before he quit at the start of August to make way for Brian Williamson as Liffe's chairman. Actually, he was buying farewell drinks for selected journalists, which shows true nobility of spirit given what some of us wrote about him before he left.

He says he has spent the past month or so in his garden at Midhurst, Sussex, reminding himself what his family look like and getting to grips with his home computer. And fielding calls from well-wishers and potential employers, although he seems no closer to deciding what he will eventu-

ally do. Something in the arts would be my bet, though.

He also tells me that back in 1993, when he joined Liffe, one of his first suggestions was a merger with the London Clearing House. But he was severely sat on by other Liffe board members who rejected the idea. This weekend, of course, we learned that one of the first strategic moves under consideration by Williamson is a merger with the LCH. Funny old Liffe.

AS WE all tut-tut over the commercialisation of British football, a truly heart-rending story reaches me from the Romanian fourth division, where Recolta Laza has been engaged in a titanic transfer fee struggle with Steamic Buda over the club's goal-keeper, Valentin Bargan. He has finally gone over to Steamic after the latter doubled the transfer fee.

The successful bidder offered him untold riches, or the equivalent in local money of \$11.55. But the deal was clinched by the fringe benefit his new employer was prepared to offer, a truckful of firewood. Bargan explained: "The club I quit offered me only a carful to stay on." Now all he needs is a match...



IN THE RED SQUARE Ken Puns



Heaven-sent

THE Farnborough Air Show is not best known for idealism — all those ads boasting about 95 per cent kill ratios, while a couple of days ago the man from Raytheon was celebrating the end of the peace dividend and the return of good, old-fashioned mass slaughter. So a hand, therefore, for PeaceAir.

The Sri Lankan airline started six years ago to fly religious travellers to places of worship and pledged to contribute 80 per cent of profits to hospitals and the elderly and to promote "peace, harmony and joy through the interaction of the world's peoples". Yesterday the fledgling signed a deal to buy its first

Boeing 747. It was all too much for Gamin Wethasinghe, the chairman, who held a conference at Farnborough and promptly broke down in tears in front of the world's press. Bless them.

A READER receives one of those worthless "you have won two thousand pounds — now you get the chance to enter our lottery" circulars. Standard WPB fodder, complete with spoof cheque. But this one claims weighty financial backing. International Monetary Fund, no less, although of Australia, which rather spoils it. In a further attempt for credibility the payment office is named "Sector G-7" and the letter has all the Group of Seven flags across the masthead. Ten points for effort, boys.

MARTIN WALLER



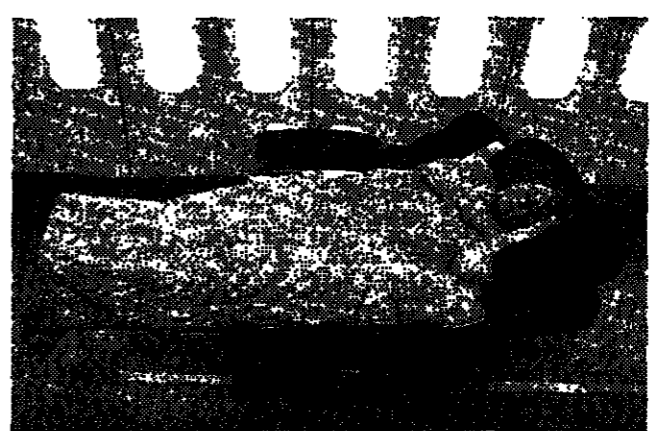
Barry Gibbons continues to make a big noise in America

Hot air

WHEN I first met Barry J Gibbons I was heading for mild frostbite and he was shouting at me. I bear no grudge; it was at the Florida HQ of Burger King, which he was then running, and they had the air conditioning on. Gibbons was on the podium handing out a corporate pep-talk.

As his voice rose and fell in one of those Billy Graham-style rants US executives favour — "we are DETERMINED to become the MOST SUCCESSFUL and DYNAM-

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QMH to get £42m for hotels

Queens Moat Houses is raising £42.3 million with the sale of its 11 French and Belgian hotels. The buyer is WW Franbel Holdings, a company formed by Westmont Hospitality Inc, a private US hotel company, and Whitehall, a real estate investment fund managed by Goldman Sachs. The QMH hotels being sold have a total of 2,137 rooms and earned an operating profit of £2.3 million in 1997. The profit on the disposal is estimated at £8 million.

SGB ahead

SGB, the scaffolding group that floated on the stock market last year, raised pre-tax profits by 30 per cent to £8.6 million in the six months to June 30 on sales up from £131.4 million to £134.7 million. The shares rose 10p to 175p and a maiden half-year dividend of 2.9p a share has been declared out of earnings up from 6p to 8.1p. Ken Minton, the chairman, said the board was confident about continued progress in line with its expectations.

R&D partnership

Two of Britain's large aerospace companies have joined with three leading universities in a joint programme of research into future engineering design processes for the 21st century. British Aerospace and Rolls-Royce are jointly investing £15 million in setting up a five-year University Technology Partnership agreement with the Universities of Cambridge, Sheffield and Southampton.

Diploma up

Shares in Diploma rose from 163p to 171p after the distribution group sold its 99 per cent interest in Wakefield Electronics Group, which trades as South Hills Datacomm, to Black Box Corporation for £14.8 million cash. South Hills is a specialist provider of cable and network connectivity products, based in Pittsburgh with branches in Miami, Puerto Rico and Chile.

Profit warning sees Albright shares slip

By MARTIN BARROW

ANOTHER profit warning from Albright & Wilson, the speciality chemicals company, saw 11 per cent wiped from its stock market value yesterday. The company, whose shares have now halved in value since June, said the continued strength of sterling and the Asian crisis would hit full-year profits.

Albright & Wilson, which came to the stock market in 1995 by way of a demerger from Tenneco, said second-half earnings would come in below the first half, which was itself severely affected by troubled markets.

In the six months to June 30 pre-tax profits fell 9 per cent to

£27.7 million. The company said the strong pound reduced profits by £6 million, with a further £3 million shaved off by the Asian crisis. In constant currencies profits would have been up 11 per cent year-on-year.

The company is holding the interim dividend at 2.35p a share. Paul Rocheleau, chief executive, said: "We are anticipating a continued slowdown in industrial activity in many of our market sectors and, as a result, for the group overall, we expect the second-half profit before tax to be slightly down on the first half."

He added: "We are taking firm action to ensure our busi-

nesses are well positioned to withstand the strong pound and the market changes resulting from global economic conditions."

Albright & Wilson shares, which reached a 12-month high of 191p in June, fell 11p to 97p yesterday, with analysts downgrading full-year profit forecasts by 10 per cent.

Mr Rocheleau said: "We are very conscious of the need to enhance shareholder value. We remain committed to improving our financial performance so that the underlying progress of the group is clearly reflected in our reported results."

The company's phosphates business lifted operating profits to £17.3 million from £15.2 million on turnover that advanced to £168 million from £147 million.

Despite the benefit of the acquisition of outstanding minority interests in A&W Troy in Mexico margins were adversely affected by the cost of maintaining market share in the UK and the reduction in the level of exports from the UK into Asia.

In surfactants operating profits rose to £10.4 million from £8.3 million. But in phosphorous derivatives and acrylics profits fell to £8.2 million from £10.9 million.



ABP, which owns ports around the country, such as Barrow in Cumbria, above, said strong sterling had affected trade

ABP reports decline in exports

ASSOCIATED BRITISH PORTS, the UK's biggest ports operator, yesterday said it had seen exports decline in the first six months of the year (Christine Buckley writes).

The company, which owns a string of ports around the country, said the strong pound had hit some trade at its ports in South Wales where coal and steel exports had also fallen.

Pre-tax profits for the half year rose 11 per cent to £57 million although ABP's

share price fell 14p to 270p as the market registered disappointment at the size of the dividend increase. The interim dividend, payable November 2, was raised to 4.5p from 4p whereas the market had hoped for 4.8p.

ABP sold £56 million worth of property in non-port investment properties and development properties.

Negative City sentiment also hangs over ABP's £106 million acquisition of American Port Services. But ABP repeat-

ed its promise that APS, which handles 15 per cent of US car imports and exports, would be earnings enhancing next year. ABP's share price has slumped from more than 377p in May when the US takeover was announced.

In the first six months overall tonnage at ABP's ports increased 3 per cent while vehicle imports and exports rose 14 per cent.

Underlying earnings per share rose from 10p to 11.1p.

Creditors put O&Y tower up for live auction

FROM OLIVER AUGUST IN NEW YORK

BONDHOLDERS who lost millions on a 44-storey Olympia & York office tower next to the World Trade Center in New York are to sell it by live auction.

Bidding will start at \$76.25 million (£45.6 million) following a bankruptcy filing by Olympia & York (Maiden Lane, a subsidiary of the Canadian company that developed Canary Wharf in London and collapsed in 1992). Paul Reichmann, the head of Olympia & York, has since led a rescue of the London development.

The auction of Maiden Lane will mean that the bondholders, who have been in a legal battle over the building for six years, will at last see a return on their money.

Among the tower's tenants are Home Insurance Company, which is also in bankruptcy proceedings, and the Federal Reserve Bank, the US central bank. The main tenants will move out within the next two years. Currently, 39 per cent of the space is unoccupied.

The bondholders are owed \$295 million resulting from bonds issued on the Luxembourg exchange in 1985. Ken Zakin, the property agent, indicated that interested buyers at the auction on October 20 may include property companies from Britain.

To hold a live auction is a highly unusual method of selling a property of more than one million square feet. Mr Zakin said the creditors had chosen to hold a live auction to gather as much information as possible about buyers.

He said: "The bondholders are in charge." The bondholders have been in negotiations with Olympia & York for several years. Olympia & York has also fought a prolonged legal battle over rent payments with Home Insurance.

If no bidders show up for the auction at Manhattan's Metropolitan Club, the property will fall to Amtrust, another developer, for \$75 million.

If it does get sold Amtrust will receive a \$1 million break-up fee.

Software that keeps cool in the event of any crisis

Even the largest of companies can be ill-prepared for a crisis. How many management teams can honestly say they already have a plan of action drawn up in case, for example, a customer drops dead in one of their stores, or their chief executive is kidnapped while on a business trip abroad?

Not many, probably. In fact, some may actually welcome the latter. But for those who would like to reassure themselves — and their shareholders and employees — that they could cope in a crisis, a new software package has been produced by Hill & Knowlton, the public relations company.

The product, called prompt rps (standing for reputation protection system) will be launched today by Martin Sorrell, chairman of WPP, the marketing services group that owns H&K.

As you would expect from a PR company, H&K has compiled a list of alarming examples of why you should buy its product.

Computer crime is growing at 500 per cent a year, the company says, with two thirds of all companies having been hit by fraud in the past five years. In 1997, it goes on, there were more than 8,000 kidnappings, mainly in Latin America. Apparently most smaller companies believe that expert help would be out of their financial reach if they suffered such a crisis.

H&K may be laying it on thick, but the message behind the hype is a sound one: it pays to prepare for the worst. Although the software will be sold by H&K, it has been produced with the help of several other companies. These include experts in fraud (Deloitte & Touche), insurance (AIG), health and safety (Dames & Moore), security (Kroll Associates) and law (Clifford Chance).

For £495 customers will get a computer CD-ROM which can assess their company's vulnerability to certain kinds of crises, and advise it on how to cope if the worst happens. All the customer has to do is fill in various details about their company, and the program will do the rest. Not only will the

software tell the company where it is vulnerable — a food producer, to quote an obvious example, could be vulnerable to poisoning customers — it will also teach the user how to take precautions.

The software also has about 17 direct trigger points: events which are considered to be an out-and-out crisis. These include such things as loss of regulatory approval, product failure, corporate leaks, or uncovering a case of sexual harassment. If a company wants to know how well prepared it is, H&K will mark it against an international benchmark. The software package can be expanded to include expert help from a team at H&K for a considerably larger sum (£16,500). The only thing that H&K does not say is what happens if you have a crisis and your CD-ROM drive breaks down.

THE computer games industry is now growing faster than both the music and film industry, according to the research produced for this week's annual ECTS Interactive Entertainment Awards.

The event is a key time for companies such as Eidos, Sony, Nintendo

and Hasbro to show off their products before the run-up to Christmas. Eidos this week unveiled its new game Tomb Raider III, while Hasbro showed off its first original title for PCs, called Hedz. Intel, the microchip manufacturer, demonstrated its three-dimensional graphics software run through its Pentium II processors.

WHEN asked to predict which high-tech products would storm the market over coming years, an expert panel of business leaders at this week's Wall Street Journal summit in London listed the following: data-visualisation products (databases which allow statistics to be viewed three-dimensionally); Internet security software (which aids safe money transactions over the Web); and light-emitting polymer displays (bendy pieces of plastic that can be used as computer monitors or television screens).

CHRIS AYRES



THE TIMES

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30p

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CHANGING TIMES

Only applicable in mainland Britain.

Peptide trials on track

PEPTIDE THERAPEUTICS, the vaccine development company, expects to have the results of phase II trials of its typhoid vaccine and of its hay fever product by the end of the year.

The typhoid trial has raised no safety concerns. The company said its most important

project, the allergy vaccine being developed with Smith-Kline Beecham, remained on track.

First-half losses rose to £4.3 million from £2.7 million, reflecting the absence of licence payments from Smith-Kline Beecham. Peptide ended the half with cash of £15.9 million.

Falling pig prices hit PIC's prospects

By MATTHEW BARBOUR

PIC International, the pig breeding company that emerged as the successor to the slimmed-down Dalgety, has warned that profits will be affected if the fall in pig prices is not reversed.

The company, which has seen its share price almost halve in recent weeks, said that pig prices have fallen to their lowest level in 30 years, and that some farmers no longer found it profitable to feed a litter born from PIC-bred stock.

However, Andrew Allner, finance director, said that any impact on profits would be restricted to the short term as pork consumption was growing in all regions and the decline in prices was largely a result of overproduction.

"The normally independent cycle of rising and falling pig prices in Europe and North America has occurred at the same time in both regions. This abnormal cycle will probably result in a further £3 million hit in the next financial year," he said.

He added that the company did not rule out acquisition as a means of easing its reliance on pig farming rather than bloodstock improvement. PIC reported pre-tax profits for the year ending June 30 of £69.9 million (£66.2 million) on sales of £220 million (£212 million). With all the old Dalgety business stripped out, PIC achieved profits of £28 million, roughly in line with analysts' estimates. The board is not recommending a final dividend. The total dividend for the year is 14.5p.

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THE TIMES UNIT TRUST INFORMATION SERVICE

Main table containing unit trust prices, organized by fund type and name. Includes columns for fund name, price, and other financial metrics.

WITHDRAWN advertisement with a large 'X' over the text and contact information for advertising services.

Vertical text on the right edge of the page, possibly a page number or additional page information.

Handwritten scribble at the top of the page.

Equities reverse early gains

TRADING PERIOD: Settlement takes place five business days after the day of trade. Changes are calculated on the previous day's close, but adjustments are made when a stock is ex-dividend. Changes, yields and price/earnings ratios are based on middle prices.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for ALCOHOLIC BEVERAGES, BANKS, FOOD MANUFACTURERS, BREWERIES, PUBS & REST, ELECTRICITY, BUILDING MATERIALS, ELECTRONIC & ELECT, CHEMICALS, ENGINEERING, CONSTRUCTION, DISTRIBUTORS, and ENGINEERING VEHICLES.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for LEISURE & HOTELS, MINING, and PROPERTY.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for HEALTHCARE and HOUSEHOLD GOODS & TEXT.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for OIL & GAS, MEDIA, and RETAILERS, FOOD.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for RETAILERS, GENERAL, PHARMACEUTICALS, and BRITISH FUNDS.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for SHORTS (under 5 years), LONGS (over 15 years), UNDATED, and INDEX-LINKED.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for PRINTING & PAPER, TELECOMMUNICATIONS, and TRANSPORT.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for WATER and ALTERNATIVE INV MARKET.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for SUPPORT SERVICES and other miscellaneous stocks.

Market index table with columns for High, Low, Company, Price, % Change, and P/E Ratio. Includes sub-sections for other miscellaneous stocks.

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POP John Cale out of the Underground PAGE 38

THE TIMES ARTS

THEATRE A nurse for tomorrow TOP ACTOR PAGE 49



NEW ON VIDEO

AMISTAD CIC, 15, 1997 BEFORE Spielberg's film came out, few had heard of the Amistad slave ship...

AS GOOD AS IT GETS Columbia TriStar, 15, 1997 A SYNTHETIC, lolling crowd-pleasing comedy-drama...

THE CHESS PLAYER BFI, U, 1926 ONE of the most fascinating and stylish productions of French silent cinema...

PRETTY VILLAGE PRETTY FLAME Pathe, 18, 1996 BELGRADE-born director Srđjan Dragijevic plunges us into the cruelty and absurdity of the Bosnian war...

GEOFF BROWN

The action hero on to a good thing

FILM: Mel Gibson couldn't resist the lure of another Lethal Weapon sequel. He tells Martyn Palmer why

When Mel Gibson's close friend and long-term collaborator, the director Richard Donner, first tentatively mentioned the possibility of returning for a fourth time to the Lethal Weapon films...

I think that was right. In all honesty, I think we needed a break from it just to be able to attack it with some kind of enthusiasm and commitment.

"I think we broke a trend with action films when we made the first Lethal Weapon"

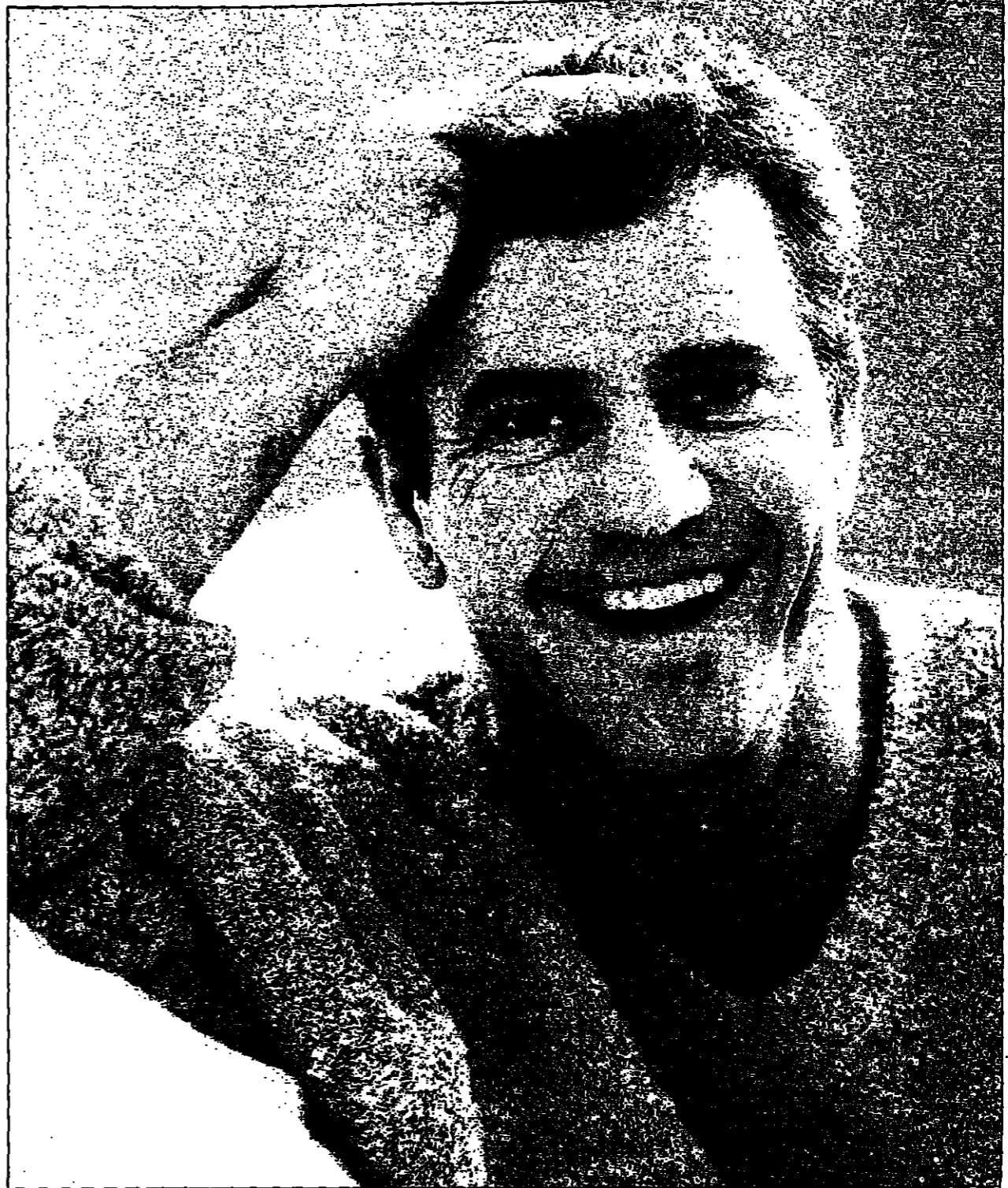
of loyalty to his close friend Donner (who has directed all the Lethal Weapon films as well as directing Gibson in Maverick and Conspiracy Theory) and to the producer Joel Silver...

again? It felt like it was the right time. He also likes working with Danny Glover, who plays Roger Murtaugh, the staid family man cop paired with the manic near-suicidal younger detective Martin Riggs...

The violence, a staple part of the Lethal Weapon diet, should not be taken too seriously, says the actor. "I just don't subscribe to the theory that people are affected by screen violence."

Gibson was convinced that the script for number four was well up to standard. Better, he feels, than those that went before, and he believes the film-makers found a new way to explore the relationship between Riggs and Murtaugh.

Born in upstate New York into a devoutly Catholic family, he is the sixth of 11 children. His parents used money they had won from a game show to emigrate to Australia when Gibson was 12. After school he



Mel Gibson has plenty to smile about. His new film, Lethal Weapon 4, is a huge box-office success in America

studied at the National Institute of Dramatic Art in Sydney and shortly after leaving college won the lead in George Miller's film Mad Max, playing a post-apocalyptic avenger.

He may well concentrate more on directing and less on acting. "I love directing. I want to direct more often and by then I mean every couple of years because it's a killer. I don't know how some of these guys just churn them out. I couldn't. If you are going to spend two years of your life doing something you had better make sure that with the end result you knock it out of the park, otherwise why even start?"

Gibson owns a cattle ranch in Montana, a sheep farm in New South Wales and homes in California and Connecticut, where he spends as much time as possible between filming with his wife of 18 years and their six children.

Gibson owns a cattle ranch in Montana, a sheep farm in New South Wales and homes in California and Connecticut, where he spends as much time as possible between filming with his wife of 18 years and their six children.

Advertisement for 'The Last Days of Disco' CD. Includes quote: "A TRIUMPH... makes you want to get up and dance!" and "Whit Still Harpers".

NEW CLASSICAL CDS: Hilary Finch on a monumental piano collection; plus other releases

The doors of the great Steinway factory in Hamburg were flung open for the launch of the millennium piano project par excellence: Philips's Great Pianists of the 20th Century edition. It consists of 200 CDs, 74 pianists and a staggering 3,808 minutes of music heard for the first time on CD...

who, what, which and why. Tom Deacon, producer of the edition, insists that this is a shamelessly personal selection, made "in consultation" with many of the pianists.

Martha Argerich: a small output, perfectly delivered. Each double CD is presented in a slim and handsomely designed and well-researched booklet/slipcase, marred only by some irritatingly tiny and

artily fuzzy photographs. From among those discs that I have sampled so far the repertoire chosen really does define each pianist's unique artistry.

Brendel's image of Kempff as "an Aeolian harp, responding to whatever wind blew his way". Kovacevich's Beethoven incarnates the pianist's vibrant physicality and intellectual poise.

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JOHN HIGGINS ** Worth hearing *** Worth buying

Large vertical advertisement for 'Masters of the 20th Century' CD collection, featuring names like Beethoven, Chopin, and Liszt.

NEW MOVIES: Geoff Brown hails Steven Spielberg's *Saving Private Ryan* for its unstinting power and truthfulness

Masterly portrayal of war's horror

There is a Hollywood film called *The Sullivans*, released in February 1944. Based on a painful true story, it tells of five devoted brothers, all enrolled in the Second World War, all serving and losing their lives on the same cruiser, the *Juneau*. Scenes of warfare are kept to a tasteful minimum; the bulk of the film consists of wholesome Americana, frolicking childhoods, and generous helpings of mom's apple pie.

Saving Private Ryan briefly alludes to the Sullivan brothers in a scene that sets the plot's motor turning. There are four Ryan brothers (a fictional brood) dispersed among the Services, fighting for Uncle Sam. Three have been killed in action within a few days; one remains, behind enemy lines in France. The American War Office decides to mount a rescue mission and bring the survivor home.

This time, though, there is no apple pie. It is not the time, nor the place. Steven Spielberg has a war to fight, and he fights it with a degree of hard detail unprecedented in fictional cinema.

Before *Ryan* is even mentioned, Spielberg's hand-held camera spends a good 20 minutes lurching with the D-Day invasion forces on the Normandy beaches, under fierce attack from German guns. So much noise; so much confusion; so much blood spewing out from ripped guts or streaking through the cold grey waters of the Channel.

No wonder veterans watching the film have had old nightmares rekindled: the sequence is disturbing enough for the vast audiences who only know warfare from snatches on the TV news or some Oliver Stone extravaganza.

Nor can we rest easy once Tom Hanks's Captain Miller leads his squad in the search for this unknown soldier. Machinegun posts dot the landscape; there are Germans to capture and shoot. Then, once their man is found guarding a bridge at Ramelle, tanks roll into the shattered town (a triumph of set design by Tom Sanders) and the screen erupts again with brutal fighting, biting, stabbing and sniping.

Where does this leave *Private Ryan*? Spielberg's spectacle, filmed on Irish beaches and the grounds of the disused British Aerospace factory in Hatfield, begins by deepening the paradox in Robert Rodat's script. Eight men undergo crazy perils to save the life of one ("This Ryan had better be worth it," one mutters).

Yet after a while, that point absorbed, one bullet through the head feels the same as any other. This is action brilliantly staged for its own sake. In essence Rodat's script is very simple and could be mounted as a low-budget film or TV drama. Indeed, it might hit home more forcefully in intimate surroundings. Hanks is the leader, alive to his mission's ironies, but guided by innate decency to do the right thing. Tom Sizemore's Sergeant Horvath is his number two, the perfect professional soldier. Edward Burns's Private Reiben supplies Brooklyn

- Saving Private Ryan**
Empire, 15, 170 mins
Brilliant recreation of war's agonies
- Cousin Bette**
Odeon Haymarket
15, 108 mins
An attempt at Balzac with balls
- La Vie de Jésus**
ICA Cinema, 96 mins
Startling French first feature
- Babymother**
Virgin Tricadero
15, 82 mins
Foot-tapping British reggae musical

cynicism, while Jeremy Davies is the audience's stand-in: a naive, bookish corporal, new to combat, serving as an interpreter.

Clever casting reinforces the air of realism, at least until the platoon finds a handsome kid determined to stick with his mates and defend his bridge. No wonder Washington wants Ryan saved: he's played by Matt Damon, heir to Leonardo DiCaprio's crown.

But this is the only instance of a role distorted by the actor's halo. And Spielberg, in general, keeps his own star status under control. We are no longer locked into the grandiose visual compositions customary when this director gets serious: the hand-held camera of Janusz Kaminski (veteran of *Schindler's List*) brings a new urgency and freedom to the visual storytelling.

What's more, there is less emotional manipulation than usual: the film only turns stiffly reverential in the contemporary scenes at the war cemetery, and the Washington scene that sets up the plot. Even John Williams, the film's composer, is well-behaved. Indeed, the greatest triumph of *Saving Private Ryan* may not be the realistic surface, but its refusal to spoon-feed an audience. Instead of screaming "war is hell" Spielberg encourages us to fight alongside Hanks's platoon, weigh the issues, and think for ourselves. Coming soon after the chocolate-box history of his last film, *Amistad*, this is especially bracing.

Chocolate-box cinema returns in *Cousin Bette*, a comedy of greed and revenge, based on Balzac. The setting is 1840s Paris, though the Tony Award-winning stage director Des McAnuff, in his cinema debut, tries to avoid a museum look, pinching the material like a contemporary romp.

Elisabeth Shue, as the courtesan Jenny, delights in baring her bottom and harbouring Bob Hoskins (the Mayor of Paris) under her skirt. Hugh Laurie acts amusingly degenerate as the aristocratic Hulot, while *Trainspotting* luminary Kelly Macdonald makes his daughter a petulant teenager: not a winning performance, this. Nor, after a while, is Jessica Lange's in the



The power, the brutality and the heartbreak of the battle zone: American soldiers on patrol in Steven Spielberg's outstanding epic of the Second World War, *Saving Private Ryan*

title role: you need some glints of humanity to keep this vixen interesting.

The cast, as you see, are a motley bunch, with accents to match. And here lies the main fault. The film seems assembled from a shopping list. Two American names for the box office: a cartload of Brits for class. One Bordeaux chateau: 60 extras twirling parasols. Pastiche period music gaudy decor; and goblets of rum-titurnty. At the end of the day, *Cousin Bette*, a film of some wit and flair, is just not special enough to matter.

We stay in France for *La Vie de Jésus*, though for all the similarities of setting it might as well take place on Mars. The location is flat northern France, where youngsters with nothing to do or hope for eat up the time racing mopeds over the country roads.

The biblical Jesus makes no appearance; this startling first film by Bruno Dumont uses its title to provoke, for there is little sign of salvation in the earthly life of Freddy, Michou, Gégé, Quinquin and company.

Dumont's task is difficult: how do you express bored lives without boring the audience? Attention to faces helps: David Douche, heading a cast of local people, is particularly

expressive as the 20-year-old hero, inarticulate anguish raging within. Dumont's wide-screen camera also stays close to the land: you can almost smell the soil. The unhurried pace is geared to the rhythms of unemployed youth, or the ritual of the bizarre Sunday songbird contest, trained chaffinches trilling away in their boxes.

Uncomfortably, Dumont maintains the same even gaze once the big things happen: a girl molested; an Arab family abused. Rigorous and tender both at once, *La Vie de Jésus* is a small gem, which all world cinema lovers should collect.

French cinémaniacs have another reason to smile: this September the National Film Theatre salutes the work of Julien

Duvivier. He was once regarded as one of France's top directors, though recent critical fashions have swept him under the carpet. How could we forget the panache of his 1930s episode film *Un Carnet de bal* (this Sunday), or Jean Gabin's gangster holed up in the Casbah in *Pépé le Moko*? Compared with Renoir, Duvivier may have been a meretricious

talent, flitting easily between genres in a 50-year career; but his technical command was awesome, as was his understanding of life's darker side.

There is no real heavy side in *Babymother*: just a lot of energy, and a plethora of musical numbers set in the Harlem club where our heroine (Anjela Lauren Smith) dreams of being a DJ queen. In between we get thin fragments of plot outlining family problems. TV arts documentar-

maker Julian Henriques may not have integrated his ingredients well, but he deserves cheers for celebrating the vibrant dance-hall culture, and banishing white faces. Performances, fashions and hairstyles are all equally infectious.

SNAP VERDICT

Stand by for shocks

Every week, young film fans discuss the latest releases...

SAVING PRIVATE RYAN

Leslie Isaiah Thomas, 20: You could hardly call this light entertainment. You won't leave the cinema afterwards with a smile on your face. Carl Clark, 19: Really good, but really harrowing. This is Steven Spielberg at his very best. Alison Julliard, 20: Tom Hanks has surpassed himself. One of the most moving screen performances I have ever seen. Charlotte Dalley, 19: You will be shocked. The battle scenes are so realistic, tears poured from my eyes.

COUSIN BETTE

Leslie: Enjoyable trash, but save some money and wait until it's on video. Carl: Pretty similar to *Dangerous Liaisons* but without the class. Watchable, but not exactly art. Alison: Jessica Lange was brilliant; the film much less so. It was like a cheap American soap opera. Charlotte: The film was nothing special. I can't imagine why Lange bothered with nonsense like this.

BABYMOTHER

Leslie: The reggae songs were OK, but this film just doesn't work. Do your best to avoid it, even when it turns up on television. Carl: Totally bizarre. This must surely be one of the strangest and least entertaining movies ever made. Alison: I was bored and wanted to leave the cinema. Very, very odd. Charlotte: I don't like reggae

MONET IN THE 20TH CENTURY: PAINTING OF THE DAY



Each day this week Richard Cork selects outstanding paintings from the forthcoming Royal Academy show

TODAY: Weeping Willow, 1918-19

During the First World War, when France was invaded by German troops, Monet's garden haven at Giverny suddenly

try's fate, and fearful for his son Michel fighting at the Front, he turned his attention to the weeping willows at the edge of the pond. Without indulging in heavy symbolism, he gave the tree in this powerful canvas a sense of anguish.

Using paint with unusual thickness, Monet makes the twisted trunk and branches writhe with tormented emotion.

age is far removed from the serenity of other water-garden paintings.

Times readers have exclusive priority booking access to 50,000 tickets for the Royal Academy's *Monet in the 20th Century* exhibition (Jan 23 to April 19, 1999), sponsored by Ernst & Young. Telephone: 0870 842 2200, booking fee £1.80 per ticket on first

THE TIMES

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CHANGING TIMES

LISTINGS Wigmore reopens

RECOMMENDED TODAY Guide to arts and entertainment compiled by Marit Hargie LONDON ALARMS AND EXCURSIONS: Felicity Kendal, Josie Lawrence...



Felicity Kendal returns to the West End stage

NEW WEST END SHOWS Jeremy Kingston's choice of theatre showing in London House full, returns only Some seats available Seats at all prices

FILMS ON GENERAL RELEASE Geoff Brown's choice of the latest movies NEW RELEASES GAMBESSE: Runged Spanish film about unambiguously...

ARTS Bodies in question

VISUAL ART: Isabel Carlisle at a London show of new figurative sculpture

Bodies in question

Figurative sculpture in Britain today is the subject of this year's survey exhibition by the gallery Flowers East in London's East End. The figurative element is mostly human...



Ultra-real, ultra-theatrical and just this side of kitsch: Andrew Logan's Maggi Hambling

welcomed the imposing figure of an African factory worker in overalls from mid steel. He has goggles pushed up on his head and is blackened all over as if scorched by the welding process...

GALLERIES 'Real' sculpture returns

Rich imagery of good and evil

This year is the 900th anniversary of the birth of Hildegard of Bingen, the abbess, mystic and composer who has become a cult figure in the past few years...

Worth waiting for, this man

YOU know the way it goes - you wait who knows how many years for any former members of the Velvet Underground to visit your shores...

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THEATRE Hare's breath from the truth... 298,000 READERS OF THIS SECTION ATTEND THE THEATRE AT LEAST 2/3 TIMES A YEAR...

THEATRE
Hare's Israel monologue

ARTS

DANCE

Flamenco without fizz

Ode to thuggery
retains shock value



A chorus-of-approval line: backed by a £1.75 million lottery grant to refurbish their home the members of the National Youth Theatre have every reason to feel on top of the world

New thespians start here

While Diana Rigg was putting the finishing touches to her interpretation of Phedra at the Albery Theatre last week, her daughter was treating swollen ankles with packets of frozen petit pois in preparation for her own first night. Rachael Stirling is playing Kate in the National Youth Theatre's spirited and moving production of *Dancing at Lughnasa* at the Arts Theatre, just yards from the Albery. If you are unused to kicking your heels up in a wild group parody of Irish dancing you tend to get kicked — hence the bruising.

THEATRE: Britain's premier youth ensemble now enjoys state-of-the-art equipment. Heather Neill reports

manager, took me on a tour, beginning in the basement. This houses the costume store: racks of frumpy 1950s jumpers and skirts, evening gowns, uniforms, glamour and grunge face more neatly ranked shoes, down-at-heel and spiky stiletto, than Imelda Marcos could shake a bank roll at.

famous ex-members will also be in attendance. Probably not Helen Mirren, though. She was a voluptuous student Cleopatra in 1965 and is now busy rehearsing the part again with Alan Rickman as her Antony, at the National Theatre.

A Clockwork Orange
Newcastle

ual assault I have seen on a stage. Feelings of horror, excitement and shame are all likely to go through an onlooker's head, further complicated by blasts of the last movement of the *Choral Symphony*.

JEREMY KINGSTON

Too small to fill the shoes

The public's seemingly insatiable appetite for flamenco means we get a steady stream of Spanish troupes visiting our shores and, inevitably, not all of them are worth the journey. *Raíces Flamencas* (Flamenco Roots) is the creation of "the world-renowned" Los Farrucos, "the internationally acclaimed flamenco Gypsy family from Seville" who promise us "the true art of flamenco".

DEBRA CRAINE

Hare's breadth from the truth

In David Hare's 1983 play *Map of the World* a character pores over *The Times* crossword, wondering what seven-letter word begins with "z" and means "the plague of the earth". When someone else suggests that the solution is "Zionism", an almighty row breaks out, in which Israel is accused of slaughtering the sympathy gained by the Holocaust by "creating a vicious, narrow-minded, militarist state".



One man and his dogged journey into dogma: David Hare stands up and is counted with *Via Dolorosa*

ised between the younger Ben, with his "2,000-year yearning to go home", and Rabin's ex-colleague Shalomit Aloni, "a manic-depressive Melina Mercouri" who sees Israel — well, rather as a vicious, narrow-minded, militarist state.

Skating accident

It seems churlish to rubish John Kander and Fred Ebb's rare flirtations with disaster, when they banked their chips with several of the best musicals of the 20th century, including *Chicago* and *Cabaret*. Fair enough, but why celebrate them? This hokier tale about a mother and her estranged daughter trying to bury the hatchet when the mother decides to sell the family business — a roller skating rink — sounds as if it's been composed from the contents of Lloyd Webber's wastepaper basket.

The Art & Influence of Asia

Announcing a major series of auctions to be held in the morning, afternoon and evening of Wednesday 16 September, which illustrate the depth of traditional Eastern influence on today's 'Living National Treasures' and master potters.



BONHAMS

GALLERY
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CARMEN

DEFINING DARWIN

A novel approach

BOOKS

BOLAN TO BOWIE

A history of glam rock

You will call his name Virgil

Peter Stothard on a Roman who was tipster, poet, prophet, priest

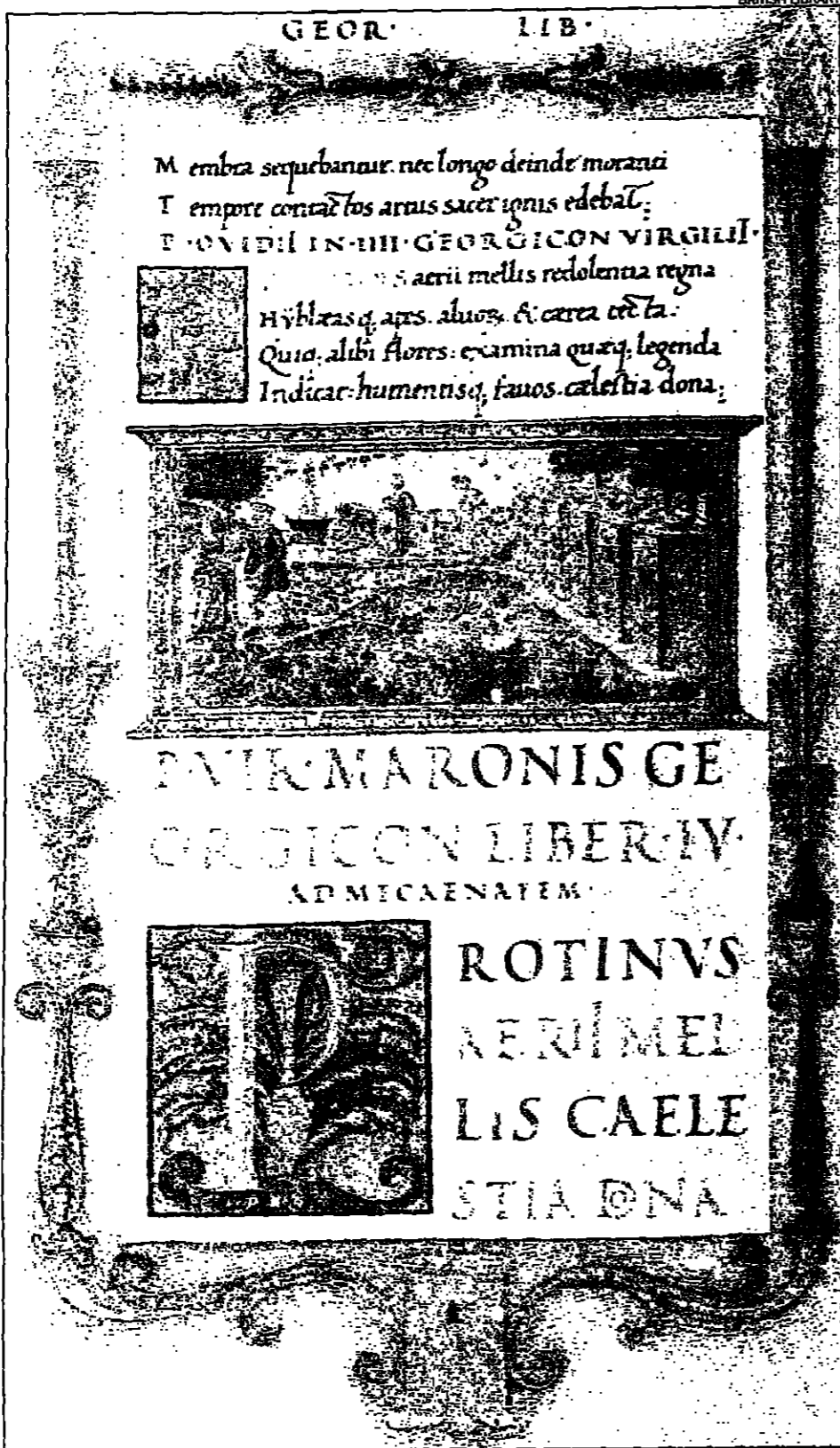
Few poets have suffered more than Virgil from the admiration of their successors.

Various Roman writers took devotion so far as to cut up their hero's lines, paste them down in different orders and present the outcome as their own new poems on the Origins of the World or a Happy Wedding.

VIRGIL His Life and Times By Peter Levi

Peter Levi is a poet who loves Virgil with a good share of those passions that have survived so strongly since the first Augustan age.

This is a fraught and fascinating enterprise. There are particularly powerful chapters on the Georgics, Virgil's second major work and the one with perhaps the least direct appeal today.



15th-century manuscript of the fourth Georgic, a meditation on beekeeping and statecraft

Odyssey and Iliad with Greek tragedy and a host of other literary antecedents to produce a poem of imperial pride, pathos and scepticism about power.

Levi is a little harsh on the Christian tradition of the fourth, so-called "Messianic" Eclogue, one of the ten pastoral poems that made up Virgil's first published work.

The demands of the Augustan dream. In previous ages which prized such arts, this was central to his place at the peak of the classical canon.

THE TIMES BOOKSHOP SAVE £2 ON LOSING MY VIRGINITY: by Richard Branson ALSO SAVE £3 ON MARILYN MONROE A BIOGRAPHY by Barbara Leaming

Top gun behind Darwin's discovery Roger McDonald is a poet, novelist, screenwriter and essayist who in his native Australia is compared, not unfavourably, to his more widely read compatriot Peter Carey.

MR DARWIN'S SHOOTER By Roger McDonald Ian Brunskill Syns Covington, sailor, servant, trapper of birds, and a figure altogether more obscure.

Roy Porter on the life of John Nash, schizophrenic and genius

GENIUS and madness mingle where the mind's musings are at their most abstract or ethereal, and so it is no surprise that great musicians and mathematicians feature prominently in that company.

Nobel Prize for God's left foot



equations for such situations with a flair and elegance which made his a household name among academic and business elites alike.



Nash lecturing at the University of Uppsala in 1994

schizophrenia was diagnosed. Nash became fixated on numerology, believing he could save the world by decoding the hidden meanings of numbers.

The metal guru

While beauty editors assure readers that "nude" is the only way to wear your make-up this season, the cheeks and brows of vintage glam rockers are being rouged and powdered in preparation for yet another glitter rock revival.



ties and ended five years later. Although he high-kicks off with a Smash Hits-style list of Ten Glam Signatures, which includes "the orange muller" sponned by Ziggy Stardust, aka David Bowie, and "the wide lapels of the satin jackets Marv Bolan wore on Top of the Pops" and ends with a fantasy playlist of glam hits.

the Pops" and ends with a fantasy playlist of glam hits, Glam! is essentially Hoskyns's personal memoir.



20th-century boy: Lou Reed in his Freddy Burretti suit, 1972

Surface but no tension

IN Paul Bailey's latest novel, Kitty is a middle-aged English eccentric. Her 1950s childhood was spent in restaurants and at the zoo.



Kitty and Virgil fall deeply in love. They tour the southern counties, visiting Kitty's relatives and chatting about Virgil's past.

Top gun behind Darwin's discovery

Roger McDonald is a poet, novelist, screenwriter and essayist who in his native Australia is compared, not unfavourably, to his more widely read compatriot Peter Carey.

raphers has suggested that Covington was "the unacknowledged shadow behind [Darwin's] every triumph".

SEAMUS FAMOUS HOW At last the last Government has his say

سكزا من الامل

BOLAN TO BOM

SEAMUS FAMOUS Heaney's new volume

BOOKS

CHRIS PATTEN Dicing with democracy

How Hitler became what he was

Too many biographies of Hitler? Gitta Sereny finds the latest may make others obsolete

When Penguin suggested to Ian Kershaw that he write a biography of Hitler, the first for 18 years, he wondered if it was justifiable. Dozens of biographies with differing agendas exist, and there are virtually numberless books on the Third Reich...

Hitler's early development without understanding the Austrian character and the Habsburg Empire. Fifty million Germans, Czechs, Slovaks, Poles, Ruthenians, Slovenes, Croats, Italians, Romanians, Hungarians and, in Vienna, eventually more Jews than in any other Western European capital, lived uneasily under the Habsburgs' benevolent but hapless rule...



Hitler addressing the NSDAP leadership in 1928: at the table, from left to right, are Alfred Rosenberg, Walter Buch, Franz Schwarz, Hitler, George Strasser and Himmler

HITLER 1889-1936 History by Gitta Sereny ISBN 0 713 99047 3

Would Hitler have become a different man with a different father? Kershaw gives more space than most of his predecessors to the facts at our disposal, but, wisely I think, does not engage in the "nature versus nurture" argument.

young Austrian historian Brigitte Hamann's findings for her extraordinary 1996 history of Hitler's Vienna, changes our understanding of the "formation of Hitler's prejudices". Here Kershaw puts into context the anti-Semitism which would lead to the most shameful tragedy of our times.

and Social Democracy (linked in his mind with the Jews); his contempt for Slavs and his loathing of parliament, where he frequently watched the dethroned "foreigners" - all those Austrians of other than German stock - disport themselves with what he felt was an outrageous lack of respect.

Less than a year after the end of the First World War, as Germany seethed with political conflict, Hitler found his vocation. The emasculated Reichswehr discovered his talent for oratory and sent him to Munich as an instructor to inculcate the politically wavering troops with nationalist and anti-Bolshevik sentiments.

A rich harvest reaped

A man dabbles in verses and finds they are his life. Seamus Heaney once wrote, and he is our greatest living evincer of the strange force-field of poetry, the clearest proof that it need not be a dying or a small-scale or a marginal art...

Michael Hofmann OPENED GROUND Poems 1966-1996 By Seamus Heaney Faber, £20 ISBN 0 571 19492 3

Heaney is continually attentive to outside voices but never in thrall to them, as he negotiates his responsibilities to his Northern Irish Catholic constituency and his growing worldwide readership - even occasionally becoming, in Neil Corcoran's memorable phrase, "the poet blaming himself for his own poetry".

The greatest thing about Heaney is his adventurous progress from book to book and poem to poem. His refusal to rest on his laurels. "He bends to his desk and begins again," he writes in the marvellous poem Alphabets. Even now, I think of him more as becoming than being, much less having been.

There is a strange way in which Heaney always seems to have known where he was going. This was encompassed not by serendipity or calculation, but somehow with a retrospective inevitability.

Erica Wagner interviews Seamus Heaney in tomorrow's Times.

Christine Loh, Hong Kong Legislative Council member and chairwoman of the Citizens' Party, wishes Patten had more to say

At last the last Governor has his say

We are shaped by our experiences. We learn about the world from what happens to us. Chris Patten, a Conservative politician who lost his seat in Bath in 1992, is now better known, both at home and abroad, as the "Last Governor of Hong Kong", than for anything he did in his various ministerial posts.

PATTEN AND WEST The Last Governor of Hong Kong By Christine Loh ISBN 0 333 74787 9

There are two reasons to read his book. First, it provides a quick summary for the general reader of the arguments for and against whether there is a set of "Asian Values" distinct from other values. Secondly, if you are interested in the man, then the book provides an opportunity to get a glimpse of a talented politician who has a way with words and strong emotions.



Patten after delivering his farewell speech on June 30, 1997

never named in the book although some of the references are clearly about him. Patten presumably finds it hard to find anything generous to say about Cradock.

like the Chinese at all. We are not that strange. We can be treated just like everyone else. Patten tells us that before he went to Hong Kong, he never Chinese petulance, because it is morally right to be concerned about abuses wherever they occur.

sure on others to toe the Chinese line. He thinks the West should make a fuss about dissidents and Tibet, and ignore Chinese petulance, because it is morally right to be concerned about abuses wherever they occur.

time in Hong Kong, he certainly stimulated a debate as never before about politics. However, he could not cure the most damning colonial legacy, which is that the system was never designed to produce political leaders.

for not trying to right some of Hong Kong's most serious policy flaws. He criticises Hong Kong's housing policy for being confusing and too interventionist. After all, the Hong Kong government is now the world's largest housing developer and landlord.

Advertisement for Julian Rathbone's book 'The Last English King'. It features a photograph of a man and a woman in historical attire. Text includes: 'A triumph... echoes of I. Claudius', 'JULIAN RATHBONE THE LAST ENGLISH KING', 'This summer's historical bestseller', and 'ABACUS'.

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GALLERIES... imagery... and evil... waiting... this man... CARMEN...

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The cat's whiskers: Sprite

THE TIMES THURSDAY
Crowds
as We
the star

SOMETIMES
IT'S EASIER
TO TALK
TO SOMEONE
YOU
DON'T LIKE.

PHOTOGRAPHY BY EDWARD BYMES

A REGISTERED CHARITY



If you tell your
girlfriend
will she think
less of you?

When you have a problem, it's the most natural thing in the world to want to talk it through with someone.

Sometimes, though, this creates another problem: who's the best person to confide in?

An obvious choice would be a close friend. But let's face it, we don't always choose our friends for their amazing powers of tact, diplomacy and discretion. Tell one person, and you may end up telling the world.

You may be lucky enough to be able to talk to someone in your family. Then again, you may be one of the large number of people who find talking to your nearest and dearest agonisingly embarrassing.

A girlfriend or boyfriend? If you can, great. But sometimes we don't want to expose our weaknesses to those who fancy us.

And sometimes your relationship is the very problem you want to discuss.

That's where The Samaritans can be useful. We're more discreet than your best mate, we'll listen as carefully as your girlfriend or boyfriend, and we're as sympathetic as your family. We're also non-judgemental, unshockable, and extremely experienced.

Our national number is 0345 90 90 90, and you can e-mail us on jo@samaritans.org or visit our homepage at www.samaritans.org. We're available 24 hours a day, every day of the year.

And you don't have to be climbing up the walls before you call us - any kind of problem, big or small, is a good enough reason to pick up the phone.

Call now. You'll find we're remarkably easy to talk to.

The Samaritans
We'll go through it with you.

Rain shows no
for Dickie's fan
Well and
Bell deny
Middlesex
We
SUN

سكزا من الاصل

CRICKET

Crowds stay away as Wells plays the starring role

By ALAN LEE, CRICKET CORRESPONDENT

GRACE ROAD (first day of four, Essex won the toss): Leicestershire have scored 301 for six wickets against Essex

IT WAS NOT difficult to discern which of these teams is at the top of the Britannia Assurance county championship...

Wells is playing much the best cricket of his career when the wrong side of 30, which at least explains partially why he remains unrecognized internationally...

On the field, then, all was as it should be for a side two wins away from a second four-day title in three years...

Rain shows no mercy for Dickie's farewell

DICKIE BIRD has suffered some abuse over the years when cricket matches have been held up by rain and bad light...

The rain relented just long enough for him to take the field through a gauntlet of honour formed by the players of both sides...

There were none of the tears that marked his farewell Test against India at Lord's two years ago...

attendance was pitiful, no more than a few hundred diehards watching the prospective champions start their last home game.

It was the sort of squally day that makes Grace Road, for all its improvements, an uninviting place, but that alone cannot forgive the apathy.

They were able to put out a full-strength attack, Ashley Cowan playing his first championship game for two months...

The first shower of the day fell in the sixth over, but the umpires decided to play through it.

Ben Smith has had an admirable summer, averaging 60, and yesterday he signed a new three-year contract.

Wells went to his century in three hours, with a straight six off Peter Such. It was symbolic of an innings that had sometimes infuriated Essex with its stand-and-deliver audacity...

Phil Simmons, whose average has only recently crept into double-figures, completed his third half-century in four innings before Irani struck twice in quick succession.

umpires decided to play through it. Darren Maddy, as if distracted, pushed diffidently at the next ball and was caught behind.

It took Iain Stutcliffe ten overs to score a run, in the course of which he received a curious reprieve after apparently starting to "walk" for a catch at short-leg.

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Brown, of Surrey, pulls to the boundary during his innings of 51 against Durham at the Riverside yesterday

Surrey get back on title track

CHESTER-LE-STREET (first day of four, Surrey won toss): Durham have scored 114 for six wickets in hand, are 291 runs behind Surrey

By RICHARD HOBSON

AFTER losing to Yorkshire at Headingley last week, Surrey returned to the north with ground to recover in the Britannia Assurance county championship.

While they dominated a depleted Durham bowling attack only spasmodically, a partnership of 95 for the seventh wicket between Adam Holoake and Martin Bicknell eased them towards a total of 323 and three batting bonus points.

Equally, the home county, improving gradually under the captaincy of David

Boon, must feel disappointed at allowing Surrey to pass 250. They gave away 38 runs in no-balls and wides alone.

At no time was this more apparent than immediately after lunch, when Ben Holoake and Alistair Brown scored 34 runs in four overs.

The signs were ominous when he took three steps down the pitch to drive Siggers straight and then hit Wood over mid-on for successive fours to complete a half-century in just 54 minutes.

Stewart and Shahid had previously fallen to catches by Boon at second slip as the drove expansively.

Surrey were 181 for six when Wood hit Batty's middle stump, but again, Durham failed to capitalise.

The elder Holoake passed 50 for the fourth time in 20 innings this season and appeared untroubled until on 67 he presented Wood with a fourth wicket as he attempted to guide the ball towards third man.

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Russell and Ball deny Middlesex

By JACK BAILEY

LORD'S (first day of four, Middlesex won the toss): Gloucestershire have scored 232 for nine wickets against Middlesex

NOT for the first time this summer, the Gloucestershire middle order, with Jack Russell and Martyn Ball to the fore, played the leading part in edging them towards respectability.

At the end of a day punctuated by a number of unscheduled exits and reappearances, Gloucestershire could be said to be just about holding their own.

Enter the inevitable Russell, at the double. Standing a couple of yards down the pitch to the quicker bowling, he dealt faithfully, if unexcitingly, with everything.

Hewitt re-entered the fray shortly before the close, removing the obdurate Russell and Lewis in the same over and enjoying the sensation of taking three wickets in ten balls for no runs.

Weary Glamorgan surrender tamely

CARDIFF (first day of four, Derbyshire won toss): Glamorgan have scored 114 against Derbyshire

WEAK Glamorgan batting exaggerated the disadvantage of losing what was an important rather than possibly decisive toss at Sophia Gardens, where they were bowled out for 114, their lowest score this season.

Bating conditions eased in bright evening sunshine, but it was still an indictment of what preceded it that Glamorgan's highest stand was the 23 added by Steve Watkin and Owen Parkin for their last wicket.

Such a strong westerly blew that the umpires dispensed with the balls during the third over, during which Dominic

Lazy cricket puts Sussex in control

NORTHAMPTON (Northamptonshire won toss, first day of four): Northamptonshire, with six first-innings wickets in hand, have scored 102 runs against Sussex

AT LAST, Sussex are turning heads for all the right reasons (Thursay Petropoulos writes). With three victories in their past four Britannia Assurance county championship matches, they are putting together an impressive end-of-season run.

In the 38 overs that were possible in blustery conditions at Wantage Road yesterday, Northamptonshire contrived to lose six wickets for 102 runs. Sussex were helped, it has to be said, by some lazy cricket from Northamptonshire, who had won the toss and elected to bat first

Jubilant Lathwell ends barren run

CANTERBURY (first day of four, Somerset won toss): Somerset have scored 233 for six wickets against Kent

BOTH these sides, who are ninth and tenth in the county championship respectively, are playing for the dubious honour of a place in next season's one-day Super Cup, a prize for a finish in the top eight.

His relief and joy at scoring his first first-class hundred for two seasons, when he drove Patel to the extra-cover boundary, were quite apparent to anyone brave or foolish enough to endure the blustery and intermittently rainy conditions.

Richardson is crowned champion

Richardson is crowned champion. David Bryant, the former world champion, provided the icing on the cake as David Richardson, 59, from Rokeby, Hertfordshire, celebrated his biggest victory when taking the Cornwall Direct All England Senior Singles title at Clevedon, Somerset, yesterday.

Positive test

Positive test. Philippe Gaumont, of France, who, according to press reports, has tested positive for the steroid, nandrolone, was pulled out of the Tour of Spain by his Cofidis team yesterday.

Germany coach

Germany coach. Erich Ribbeck has been appointed coach of the Germany team in succession to Berti Vogts. Uli Stielike, the former Germany defender and Switzerland coach, will be his assistant.

Tom Mitchell

Tom Mitchell. One of the most able and respected administrators in rugby league history and Great Britain tour manager in 1988, has died, aged 84.

SPORT IN BRIEF

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YESTERDAY'S SCOREBOARDS

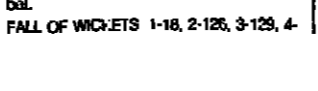
Table with 2 columns: Match, Score. Includes Glamorgan v Durham, Kent v Somerset, Middlesex v Gloucestershire, Northamptonshire v Sussex, and Glamorgan v Derbyshire.

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Table with 2 columns: Match, Score. Includes Northamptonshire v Somerset, Middlesex v Gloucestershire, Northamptonshire v Sussex, and Glamorgan v Derbyshire.



Wells: 140 not out



Lathwell: 106 against Kent

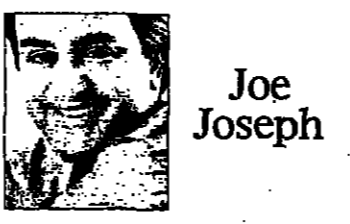
Lies, sex, videotape, and Uncle Ernie, too

How typical of Dennis Potter to announce that "writers are liars"...

by Dennis Potter: Under the Skin, the first of a new BBC2 arts series called Close Up.

A few years ago he spoke shockingly of being regularly "abused out of innocence"...

REVIEW Joe Joseph



serve Carpenter's long biography. But does he deserve the hullabaloo he always attracts?

choosy. So three times a week he visits the Moonlight Bunmyranch warehouse in Nevada.

take off your rubber gloves," purred Ian, leading her upstairs.

what it really feels like to arrive as a reporter in a strange place.

- 6.00am Business Breakfast (91107) 7.00 BBC Breakfast News (1) (67519)
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10.15 This Morning (1) (84246381) 12.15pm Regional News (2323294)

- As HTV West except: 1.00pm Echo Plot (55774)
1.30 The Jerry Springer Show (7360590) 5.10-5.40 Shortland Street (9542749)

- 6.00am Sesame Street (80045) 7.00 The Big Breakfast (1) (50229)
6.00 Bewitched Endora's doctor cures Darren's cold, but with strange side-effects (1) (73519)

- 6.00am News and Sport (802942) 7.00am News (1) (1765316) 7.30am News (1) (1765316)
7.30am News (1) (1765316) 7.30am News (1) (1765316)

AYER ROOM advertisement with various product images and text.

SKY MOVIECAST advertisement listing various films and TV shows.

SKY SPORTS advertisement listing various sports events and programs.

SKY CINEMA advertisement listing various movies.

SKY NEWS advertisement listing various news programs.

SKY PREMIER advertisement listing various premium TV shows.



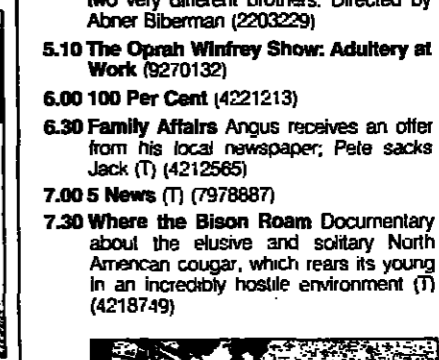
Ralph Fiennes and Kristin Scott Thomas star in the multi-Oscar-winning drama The English Patient (Sky Premier, 8pm)



Nigel Slater introduces recipes for everyday people (8pm)



A shellshocked family stand by what remains of their home (8pm)



The Sopranos (1) (1765316)

WESTCOUNTRY advertisement listing local TV programs.

MERIDIAN advertisement listing local TV programs.

ANGLIA advertisement listing local TV programs.

SATTELITE AND CABLE advertisement listing satellite and cable services.

TRAVEL [CABLE] advertisement listing travel programs.

THE HISTORY CHANNEL advertisement listing history programs.

HOME & LEISURE advertisement listing home and leisure programs.

ANIMAL PLANET advertisement listing animal programs.

DISCOVERY advertisement listing discovery programs.

NATIONAL GEOGRAPHIC advertisement listing national geographic programs.

FOX KIDS NETWORK advertisement listing children's programs.

BRavo advertisement listing Bravo network programs.

DISNEY CHANNEL advertisement listing Disney channel programs.

SKY PREMIER advertisement listing premium TV shows.

GRANADA PLUS advertisement listing Granada Plus programs.

SKY SPORTS advertisement listing sports programs.

SKY CINEMA advertisement listing movies.

SKY NEWS advertisement listing news programs.

SKY PREMIER advertisement listing premium TV shows.

SKY PREMIER advertisement listing premium TV shows.

SKY PREMIER advertisement listing premium TV shows.

SKY PREMIER advertisement listing premium TV shows.

The cat's whiskers: Sprite advertisement.

